INDIA

A Record and Review of Indian Affairs

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This Supplement consists of a VERBATIM Report, specially drawn up for "India," of the Debates on Indian subjects in both Houses of Parliament, and questions put on such subjects and the answers given to them, arranged chronologically, from July 28th to August 14th.

Imperial Parliament.

July 28th.

HOUSE OF COMMONS.

BENGAL GAOLS.

East India (Bengal Gaols). On the motion of Mr. HENRY J. WILSON a Return was granted of "Reports of Committee appointed to enquire into the Sanitary Condition of certain Gaols in Bengal."

THE ABKARI DEPARTMENT.

Mr. HENRY J. WILSON asked the Secretary of State for India whether he was aware that the Abkari Department at Bombay had granted a licence for a new liquor shop in Sleater Road (a part of Bombay where there had not previously been any such shop), notwithstanding that an influentially signed protest had been forwarded from residents in that neighbourhood:

Whether granting a licence under such circumstances was at variance with the declared policy of the Indian Government as expressed in the despatches of the Secretary of State, No. 28, of 19th April, 1888, and No. 31, of 14th March, 1889, and of the Government of India, No. 157, of 25th May, 1889, and No. 29, of 4th February, 1890:

Whether the police interested themselves in discouraging opposition on the part of the inhabitants:

Whether the licensee had rendered useful service to the police during the Bombay riots:

And, whether facilitating the grant of this licence was in the nature of a reward for such services.

Lord GEORGE HAMILTON: I have no official information as to the matters to which the hon. member alludes; but it is the practice of the Department, before new shops are opened, to ascertain the wishes of the local residents.

THE INDIAN TROOPS AT SUAKIN.

Sir CHARLES DILKE asked the Chancellor of the Exchequer whether it would be necessary to obtain a vote in the present Session for British expenditure in connexion with the Sudan expedition or despatch of Indian troops to Suakin, or whether it was the intention of the Government to defer asking for such a vote until next Session.

The CHANCELLOR OF THE EXCHEQUER: No, I do not expect to be in a position to propose such a vote this Session.

July 30th.

HOUSE OF COMMONS.

THE INDIAN BUDGET: PAPERS PRESENTED.

East India (Accounts and Estimates, 1896-7), Copy presented of Explanatory Memorandum by the Secretary of State for India (by Command); to lie upon the Table.

THE MADRAS REGIMENTS.

Sir SEYMOUR KING asked the Secretary of State for India whether his attention had been called to the under officering of Madras infantry regiments, and whether he was aware that it had gone to such an extent that lately, for a brigade parade, the commanding officer had only available three officers for two regiments:

Whether he would cause enquiries to be made into the cause of the constant depletion of Madras regiments by transfer of officers, and its effects on the efficiency and morale of the corps, and the best way of providing a remedy:

And, whether any representations had been made to the Indian Government by commanding officers on this subject; and what, if any, explanations had been offered or steps taken in the matter.

Lord GEORGE HAMILTON: I have heard nothing of the statements to which my hon. friend's question relates, but I will enquire of the Government of India.

DISEASE AMONG EUROPEAN TROOPS.

Major RASCH asked the Secretary of State for India whether his attention had been drawn to the fact, as stated by the Sanitary Commissioner to the Government of India in his Report for 1894, that 3,062 men were constantly ineffective from venereal disease:

And, how, on an emergency, the Government would propose to replace them in the ranks.

Lord GEORGE HAMILTON: I have observed with regret the reported increase in the average number of European troops disabled at one time from this cause. I am not aware of any means by which they could be replaced on an emergency.

MADRAS CITY COURT.

Mr. W. F. LAWRENCE asked the Secretary of State for India whether the Home authorities had put pressure on the Government of Madras to raise the jurisdiction of the City Civil Court from Rs. 2,500 to Rs. 5,000:

Whether the Madras Government stated that this extension of jurisdiction was open to objections, and that the High Court was itself equally divided in opinion on the merits of the question:

And, whether he was aware that the Chamber of Commerce and other commercial and legal opinion was opposed to the change; and, if so, whether they purposed still to urge the change he pressed forward.

Lord GEORGE HAMILTON: It is true that, after full consideration of the views expressed by the Government of Madras and by the Chambers of Commerce, I requested the Government of Madras, in a despatch dated 19th March, 1896, to take an

opportunity of raising the jurisdiction of the City Court to Rs. 5,000, unless they saw any strong reason to the contrary. To this despatch I have as yet received no reply.

RATES OF WAGES IN BOMBAY AND MADRAS.

Mr. KENYON asked the Secretary of State for India if he would get for the House statistics as to rates of wages paid, and hours worked, in the cotton trade in Bombay and Madras.

Lord GEORGE HAMILTON: Wages in India are usually paid by the piece, and vary according to the season of the year. The fullest information that I possess on this subject, and as to the hours of labour (which are limited by law) is contained in the Factory Reports for Bombay and Madras, copies of which I shall be happy to supply to my hon. friend if he wishes it.

THE INDIAN BUDGET.
THE "EXPLANATORY MEMORANDUM" DELAYED.

Sir WILLIAM WEDDERBURN asked the Secretary of State for India when the explanatory memorandum by the Secretary of State on the East India Accounts and Estimates would be distributed to members:

And, whether there was any reason for the delay this year in the distribution.

Lord GEORGE HAMILTON: The Memorandum is now ready, the last figures having been received from India by the mail just arrived.

The delay in preparation is due to pressure of the work in the Financial Department owing to the mass of information required by the Royal Commission on Indian expenditure.

July 31st.

HOUSE OF COMMONS.

RAILWAY EXTENSION.

Mr. SOUTTAR asked the Secretary of State for India with regard to the proposals recently pressed on the Marquis of Salisbury by an influential deputation of the Chambers of Commerce, for railway extension on the east and north-east of Burma, in what direction and how near to the frontiers of south-west China it was desired to project such railway system:

And, whether the concessions recently granted to the Rothschild Railway Syndicate included powers to construct these proposed lines on the frontiers of Eastern Burma.

Lord GEORGE HAMILTON: A line of railway is now in course of construction, starting from the Burmese Railway system, near Mandalay, and terminating near the western borders of China, at a point called Kunlon Ferry on the Salween River.

This agreement with the new Burma Railway Co. gives powers to the Government of India to call upon the Company under specified conditions, to construct such extensions of the Burmese railway system within the frontiers of Burma as Government may think desirable.

RAILWAY TRAFFIC RETURNS.

Mr. SOUTTAR asked the Secretary of State for India whether an estimate could be given of the extent of the diminution which certain Indian railways had of late suffered in their traffic returns:

And, whether it could be said how far the diminution was attributable to the drought and how far to causes of a more permanent nature.

Lord GEORGE HAMILTON: The latest returns show a decrease of 619,950 tens of rupees in the gross earnings of Indian railways from the 1st January to 6th June, 1896, as compared with the corresponding period in 1895.

This decrease is attributable to short crops and some consequent scarcity; but not, so far as I am aware, to causes of a permanent nature.

THE INVASION OF KAFIRISTAN.

Mr. SAMUEL SMITH asked the Secretary of State for India, whether the India Office had received a copy of the letter from the Amir of Afghanistan of the 4th December, 1895, referred to in Paragraph 4 of the despatch from the Government of India to the Secretary of State dated Simla, 22nd April, 1896:

Whether he had received the information asked for in his despatch of 17th April respecting military operations and the fate of the tribes in Kafiristan:

And, whether he would lay all the correspondence referring to Kafiristan on the Table of the House before the rising of Parliament.

Lord GEORGE HAMILTON: A copy of the Amír's letter referred to has been received at the India Office, but it relates to other matters besides that referred to in the passage quoted, and it would not be in the public interest to lay it on the Table.

My despatch of the 17th April was crossed by the letter from the Government of India of the 22nd idem. No subsequent reply has been received from the Government of India.

There is no further correspondence relating to Kafiristan which I can lay on the Table.

August 3rd.

HOUSE OF COMMONS.

BOMBAY SMALL CAUSE COURT.

East India (Offices of Presidency Magistrate and Judge of the Presidency Court of Small Causes)—Return [presented 1st August] to be printed. [No. 327.]

August 4th.

HOUSE OF COMMONS.

GIRL OFFENDERS.

Mr. HENRY J. WILSON asked the Secretary of State for India, whether the Indian Reformatory Schools Act, 1876, did not provide for the confinement of girls, but only for boys:

Whether a recent Gazette of India published the draft of an amending Act which however makes no provision for young female offenders:

Whether young female offenders were confined in jails where they were obliged to associate with professional thieves and other adult criminals:

And, whether he could take some steps to ameliorate this condition of affairs.

Lord GEORGE HAMILTON: It is the case that neither the Act nor the amending Bill contain any provision for young female offenders. Such offenders, if sentenced to imprisonment, can only be accommodated in the wards set aside for female convicts. The number of young female offenders is very small, and it may be doubted whether many of the Local Governments are in a position to provide separate reformatories for them; but a proposal to enable this to be done is before the Select Committee to which the amending Bill has been referred, and I will also send out the hon. member's question and this answer for their consideration.

PASTEUR INSTITUTE.

Mr. SAMUEL SMITH asked the Secretary of State for India if he would explain whether the Government of India were officially promoting the foundation there of a Pasteur Institute, or whether the Indian Medical Department was doing so; and, if so, by whose authority.

Lord GEORGE HAMILTON: I have no information later than 1894, when the Government of India reported that they had promised, subject to certain conditions, the services of a medical officer to the Pasteur Institute, which they explained was quite distinct from any Government Department.

THE INDIAN BUDGET.

Mr. MACLEAN asked the First Lord of the Treasury when he proposed to take the Indian Budget.

Mr. BALFOUR: It cannot evidently be taken before the middle of next week.

August 6th.

HOUSE OF COMMONS.

BENGAL GAOLS.

East India (Bengal Gaols).—Return presented relative thereto [Address 28th July; Mr. Henry J. Wilson] to lie upon the Table.

THE INDIAN BUDGET.

Sir WILLIAM WEDDERBURN asked the First Lord of the Treasury, whether he could now state on what day the Indian Budget would be taken.

Mr. BALFOUR said the House would probably be asked to consider the Indian Budget on Friday next week.

August 7th.

HOUSE OF COMMONS.

PETITION.

Bijai Bahadur Singh.—Petition from Mahdo Prasad, for enquiry into his case; to lie upon the Table.

LEAVE AND PENSION RULES.

East India (Leave and Pension Rules of the Civil (Uncovenanted) Service).—Return presented relative thereto (in continuation of Parliamentary Paper, No. 168, of Session 1892) [Address 3rd August; Mr. Barnes] to lie upon the Table.

EUROPEAN TROOPS IN INDIA.

Major RASCH asked the First Lord of the Treasury whether he would consider the advisability of appointing a Committee, next Session, to enquire into the working of the Contagious Diseases Acts with reference to the British army quartered in India.

Mr. JAMES STUART asked the First Lord of the Treasury whether his attention had been called to the views repeatedly expressed by the Army Sanitary Commission, that the system of the Contagious Diseases Acts in India had proved a failure, and that its reinstitution could not consequently be advocated on sanitary grounds; and whether, considering these views and the strong opposition which existed to such measures on moral grounds, the Government would direct the attention of the Indian authorities to the memoranda on the subject by the Army Sanitary Commission and to the remedial measures suggested by them.

The FIRST LORD OF THE TREASURY: In answer to the question on the Paper, and that of the hon. gentleman opposite, I have to say that there is no doubt as to the gravity of the present state of things. We understand that there is a dispute whether, and how far, this state of things is due to recent legislation. The Government will consider the propriety of an enquiry, either by Committee or otherwise, to decide the controversy as to the facts.

August 10th.

HOUSE OF COMMONS.

REPORTED SALE OF BURMESE RAILWAYS.

Sir STAFFORD NORTHCOTE asked the Secretary of State for India, if he could state the facts connected with the reported sale of Burmese railways by the Government of India to a syndicate:

And, if one of those conditions included a Government guarantee of interest on the stock of those railways.

Lord GEORGE HAMILTON: No sale of the Burmese Railways has taken place or was ever contemplated. A company has been formed under agreement with the Secretary of State in Council, and with the concurrence of the Government of India, for working the existing system and making extensions. On the capital raised by the Company, interest at $2\frac{1}{2}$ per cent. is guaranteed by the Government.

THE BENGAL TENANCY ACT.

Mr. BARNES asked the Secretary of State for India, whether his attention had been drawn to the leading article of the *Pioneer* of 16th July, 1896, in which it was stated that chaos had supervened in the relations between landlord and tenant throughout Bengal by reason of certain recent decisions under the Bengal Tenancy Act of 1885:

Whether it was true, as stated by the *Pioneer*, that the ruling of the full bench of the High Court of Bengal in the case of Upadhay Thakoor showed that for some years past some of the highest executive officers in Bengal, drawing pay of Rs. 2,000 per mensem and upwards, had been employed under the Bengal Tenancy Act in exercising an illegal jurisdiction:

Whether it was true, as stated by the same authority, that some hundreds of thousands of decisions in recent rent and boundary cases had been invalidated by that ruling:

And, whether he would lay all the Papers upon the Table of the House of Commons before assenting to any extension of the provisions of the Bengal Tenancy Act, or any further alteration in the land laws of Bengal.

Lord GEORGE HAMILTON: I have seen the article in the *Pioneer* to which my hon. friend alludes, but I have no official information on the subject of the recent working of the Bengal Tenancy Act. I will, however, make enquiries on the subject.

THE INDIAN BUDGET.

On the motion of Lord G. HAMILTON it was agreed that the Indian Budget should be put down upon the order paper for Wednesday.

The SPEAKER said that hon. members who intended to put down amendments would ballot for them to-morrow.

Sir H. FOWLER: Is it the intention of the Government to take the Indian Budget on Wednesday?

Lord G. HAMILTON: No.

August 11th.

HOUSE OF COMMONS.

KYTHAL STATE.—PETITION.

State of Kythal.—Petition from Cis Sutlej, for enquiry; to lie upon the Table.

HOSPITALS AT ADEN.

Mr. BHOWNAGGREE asked the Secretary of State for India whether he had received any reply to the reference made last April to the Government of India relative to the provision of a trained nursing staff for hospitals at Aden; and, if a reply was received, would he state what provision was intended to be made.

Lord GEORGE HAMILTON: No reply has been received from the Government of India. I have requested that the report regarding the medical arrangements at Aden may be expedited.

RAILWAY CONSTRUCTION.

Mr. BHOWNAGGREE asked the Secretary of State for India whether the enquiry regarding applications for concessions for the building of railways under the scheme promulgated by the Government of India in 1893 which he had instituted was complete:

And, if he would place upon the Table of the House at an early date the Return promised by him on 19th June last.

Lord GEORGE HAMILTON: The promised enquiry was duly made by a letter addressed to the Government of India on the 26th June, but sufficient time has not yet elapsed for receipt of a reply.

As soon as the Return is received it will be laid upon the Table.

THE HOUSE OF COMMONS AND INDIAN FINANCE.
PROPOSAL FOR THE APPOINTMENT OF A SELECT COMMITTEE.

Sir WILLIAM WEDDERBURN asked the Secretary of State for India, whether, with a view to a more systematic and effectual consideration of Indian finance by this House, he would favourably consider a proposal to appoint each year a Select Com-

mittee of the House to examine and report upon the East India accounts.

Lord GEORGE HAMILTON: Any effective annual examination of the accounts of the Government of India by a Select Committee sitting in this country would raise many grave difficulties, would seriously interfere with the administrative work of the Government of India, and would entail upon the revenues of India an expense which the results would in no sense justify. I cannot therefore hold out any hope of assenting to any such proposition.

Sir WILLIAM WEDDERBURN asked whether the noble lord thought that the present arrangements did not admit of improvement.

Lord GEORGE HAMILTON said that he would have an opportunity of referring to this subject in introducing the Indian Budget. The control exercised over the East India accounts was, as far as he knew, a singularly effective control.

THE BENGAL TENANCY ACT.

Mr. BHOWNAGGREE asked the Secretary of State for India, whether the Government of Bengal had submitted any proposals for amending the law of landlord and tenant in Bengal as settled by the Bengal Tenancy Act of 1885:

And, whether any opportunity would be afforded to the landlords and tenants of the province to represent their views regarding the provisions of the Act of 1885 before any fresh legislation on the subject was proceeded with.

Lord GEORGE HAMILTON: I have received no official information as to any proposals to amend the Bengal Tenancy Act; but, as stated yesterday in answer to a similar question, I am enquiring of the Government of India as to the recent working of the Act.

Should any fresh legislation be necessary, persons interested will undoubtedly have an opportunity of placing their views before the Government of India.

August 12th.

HOUSE OF COMMONS.

PAPERS PRESENTED.

East India (Sanitary Measures).—Copy presented of Report on Sanitary Measures in India 1894-5, vol. xxviii. [by command] to lie upon the Table.

East India (Statistical Abstract).—Copy presented of Statistical Abstract relating to British India from 1885-6 to 1894-5, Thirtieth Number [by command] to lie upon the Table.

August 13th.

HOUSE OF COMMONS.

LORD WELBY'S COMMISSION. PRELIMINARY REPORT. MINUTES OF EVIDENCE, &c.

Administration of the Expenditure of India (Royal Commission).—Copy presented of Preliminary Report of the Commissioners appointed to enquire into the administration and management of the Military and Civil Expenditure incurred under the authority of the Secretary of State for India in Council, or of the Government of India; and the apportionment of charge between the Governments of the United Kingdom and of India for purposes in which both are interested; together with Minutes of Evidence and Appendices [by command] to lie upon the Table.

THE TROOPS AT SUAKIN.

Sir WILLIAM WEDDERBURN asked the Secretary of State for India, whether a large portion of the Indian contingent sent to garrison Suakin has been sent on to act as a convict guard at Tokar, an Egyptian convict station some seventy miles from Suakin, where the climate was intensely hot, water very scarce, and food indifferent, and whether the Commanding Officer and second in command of this force had both been invalided within a month:

And, would he place before the House before it rose reports from the General commanding the Indian contingent and from the chief sanitary authority under the Egyptian Government as to the general health and condition of her Majesty's forces forming the Indian contingent.

Lord GEORGE HAMILTON: A battalion of Native Infantry and a squadron of Native Cavalry have been sent to Tokar, not as a guard for the convict prison but to garrison that port, as the position is one of great strategical importance for the defence of the Suakin district as was shown by the fighting in its vicinity in 1885. The climate is very hot, but the health of the troops and followers at Suakin and Tokar is reported to be very good, and that of the European officers generally good; but out of seventy officers at Suakin and Tokar four have been invalided, including the Officer in Command at Tokar. There is a sufficient supply of water at Tokar, and the food supplies are ample. Every precaution is being taken to make the condition of the troops holding this important position as comfortable as is possible.

CONTAGIOUS DISEASES IN INDIA. PROMISED ENQUIRY.

General Sir HENRY HAVELOCK-ALLAN asked the Secretary of State for India, whether his attention had been called to the state of the British Army in India, as reported by the *Times* correspondent at Calcutta, in their issue of the 11th inst., wherein it was stated that nearly 4,000 men were in hospital from preventable contagious diseases, and that the state of the Army was getting worse day by day:

Whether the attention of her Majesty's Government was to be seriously drawn to this matter during the coming recess:

And, whether he was now prepared to state to the House that during the coming recess, in conjunction with Lord Lansdowne and the Govenor-General of India, steps would be taken for an enquiry, either by Royal Commission or by Select Committee of that House, with a view to taking measures that might, once for all, as regarded that painful matter, place the British Army in India in that state of efficiency in which the people of this country and of India desired to see it, and to bring about which they paid some twenty-five millions of money every year.

Mr. JAMES STUART asked the Secretary of State for India, whether his attention had been called to the various memoranda of the Army Sanitary Commission and to the following conclusions which they state: "The facts, so far as we can ascertain them, lead us to the conclusion that a compulsory lock hospital system in India has proved a failure, and that its reinstitution cannot consequently be advocated on sanitary grounds. We believe that the best practicable means of diminishing the prevalence of these diseases is to be found in establishing a system of voluntary lock hospitals and in providing the soldier as far as possible with healthy occupation and recreation;" and whether any steps had been recently taken to bring those views before the cantonment authorities or to carry them into effect.

Lord GEORGE HAMILTON: I have seen the statement in the *Times* to which my hon. friend (Sir H. Havelock-Allan) refers.

As stated by the Right Hon. the First Lord of the Treasury on Friday last, in reply to questions by the hon. members for Essex (S.E.) and Hoxton, Her Majesty's Government will consider the propriety of some enquiry, to decide whether the alleged increase of disease is correct.

In reply to a further question from the hon. member for Hoxton, of which he has given me private notice, I may add that I am aware of the opinions recorded by the Army Sanitary Commission on this subject; but what I want to ascertain is not the opinion of individuals, even when acting officially, but the facts relating to the health of the Army.

General Sir H. HAVELOCK-ALLAN: May I ask whether her Majesty's Government propose to institute an enquiry by Royal Commission or a Select Committee of this House?

Lord GEORGE HAMILTON: I should not like to commit myself to the exact form which the enquiry will take; what I think is an enquiry by a small number of impartial persons would be best. (Hear, hear.)

Mr. M. M. BHOWNAGGREE asked whether the enquiry would be here or in India?

Lord GEORGE HAMILTON: The enquiry will take place here.

PENSIONS IN THE PUBLIC WORKS DEPARTMENT.

Mr. MACLURE asked the Secretary of State for India if he would explain why the small extra pensions for which Chief Engineers and Superintending Engineers in the Public Works Department had hitherto been eligible, had rec ntly been withdrawn by the orders of the India Office:

Whether any despatch ordering a curtailment of the privileges of officers of long service could have a retrospective effect, or could take effect before such despatch was publicly gazetted:

And, if all the correspondence on this subject could be laid upon the Table of the House.

Lord GEORGE HAMILTON: The exceptional pensions, which were sanctioned in 1883, are not to be granted in the Public Works Department in future, because the special circumstances which were then held to justify them no longer exist.

The despatch does not affect any officers who were already in the Service at the time when it was written; and the case of those who may have entered since that date, but before its publication, has been provided for.

The correspondence relating to the discontinuance of further grants of these pensions is contained in the Return recently laid on the Table.

THE "BUDGET" DEBATE.

LORD G. HAMILTON ON "INFINITE BENEFITS" AND "INFINITESIMAL DRAWBACKS."

On the motion to go into Committee on the East India Revenue Accounts,

Lord G. HAMILTON said, I think it will be for the general convenience of the House if I make my statement relating to the finances of India before you, Sir, leave the chair. In taking this course I am following several precedents which occured in former years when the Secretary of State found himself in a position similar to that which I occupy. On the notice paper there are three amendments which, though all relating to matters of importance, are purely academic in character; and as the House has met for the purpose of discussing Indian finance I think it will be more convenient to devote ourselves to that purpose than to wait for the motions on the paper. When last year I had the honour of making a statement on behalf of the Indian Government, I was able to lay before the House a statement which I think was in most respects more satisfactory than at that time I thought to be possible. I accompanied that statement with an indication that, in my private opinion, signs were not wanting to show that during the ensuing months there would be a further improvement in Indian finance. I am glad that anticipation has been more than realized, and the figures and statement I am about to make would be eminently satisfactory if they could only be detached from the unfortunate consequences of erratic exchange; but unfortunately right through my statement every year the fluctuations of exchange value have left their mark on the finance of the year. I wish to impress this fact on the House. They must discount the favourable character of the figures which I lay before them in the knowledge that a large proportion of the figures are based on a valuation which is necessarily shifting. There is a techinal matter to dispose of before I enter into a detailed examination of the accounts. The form of the account adopted in the explanatory memorandum laid on the Table of the House is based on the accounts which my predecessor prepared in the belief that a return of net income and net expenditure could be made to give a clearer idea of the actual financial position than can be gathered from the old gross returns, which under statute have to be laid on the Table of the House. The tables in the explanatory memorandum are prepared on that basis, but it will be seen that for the most part they are divided between Imperial and Provincial transactions. In order to stimulate an interest in the development of income the Provincial Governments are allowed the revenue in certain proportions, varying according to the particular head; and they have to meet therefrom the expenditure under specified heads in certain proportions. If their revenue exceeds their expenditure they are allowed to add the surplus to their balances, which are available for expenditure in subsequent years; on the other hand, if their revenue falls short of their expenditure they must make the deficiency good out of their balances. Thus, the provincial receipts and charges exactly balance one another; and, while it may be of interest under any particular head to examine the total receipt or charge, the improvement or deterioration of the surplus and of the general financial position depends on the extent to which the Imperial accounts alone are affected. The first year I have to deal with is the closing of the accounts of the year 1894-95. Sir James Westland originally estimated for a deficiency of Rx. 301,900, but I am glad to say that the accounts show a surplus of Rx. 693,110. But it is satisfactory to note that the real improvement is considerably greater. In the course of this year a material addition was made to the charges by not bringing up the Famine Insurance Fund to a higher point than that at which it originally stood. Those conversant with Indian finance know that it was established by Sir John Strachey in 1881, and it amounted to a sum of Rx. 1,500,000 annually to be put on one side out of revenue for the purposes of famine, and he fixed upon the figure of Rx. 1,500,000 in the following manner. He took the total expenditure upon famine during the past ten years and divided it by ten. I am glad to say that from that time until now we have not had a single serious famine to deal with in India, and the Government came to the conclusion that, looking to the fact that the danger from famine had largely diminished, they might fix the Famine Insurance Fund at Rx. 1,000,000. This fund under financial exigency has been largely reduced, and the amount originally taken in the estimates of this year was only Rx. 445,000. The difference of Rx. 555,000 has to be added to the surplus, and, taking these two together, the total surplus as against deficiency is Rx. 1,248,110. There has been apparently a remarkable improvement in revenue of Rx. 2,823,096 on the original estimate. But an examination of the figures shows that they are not so satisfactory. Rx. 1,569,000 is due to an improvement in opium. The other item which has contributed to the increase of revenue was Rx. 941,000 in customs, mainly due to the taxation which had been imposed at the beginning of the year. The increased expenditure was Rx. 1,828,000, but the whole of this is more than accounted for by the loss on exchange—namely, Rx. 2,121,468. If in this increased expenditure is included the additional sum added for the Famine Insurance Fund we find that the Government of India have accomplished the remarkable feat of keeping within their original estimate by Rx. 848,000. It is often said in certain quarters that an improved system of control by Parliament over Indian finance could be introduced. I hold the contrary view, believing that the financial control exercised over expenditure in India is more efficacious than any control that could be exercised in this country would be. I do not remember any occasion here where the Treasury have been able to save £800,000 in their original estimates. The rupee for this year was taken in the estimate at 14d. and it realized 13·1d., and this involved a charge of 200 lakhs in addition to the sum originally provided. The total charge amounted to Rx. 14,615,300 or 26 per cent. of the total net expenditure of the Indian Government. The next year 1895-96 is a very remarkable financial year, and I hope marks the commencement of a new financial era. The Indian Government budgeted originally for a surplus of Rx. 46,200 but they only obtained this surplus by much scraping and paring. They cut down the grants originally made for the local Governments by Rx.405,000, and they only placed Rx.470,000 to the credit of the Famine Insurance Fund. Since that estimate was made much has happened. There has been the successful expedition to Chitral, which entailed an unexpected charge of 160 lakhs upon the revenues of India. Then the Government have increased their Famine Insurance Fund by 53 lakhs of rupees; they have revised the Indian cotton duties, which entailed a loss of about 26 lakhs of rupees, and they have repaid to provincial Governments 40 lakhs of rupees. They therefore have had to meet an additional expenditure of Rx. 2,840,000, and yet, I am glad to say, the revised estimates showed a surplus of Rx. 905,200, and the gross accounts show an even better surplus—namely, Rx. 1,604,000. Let us examine this remarkable improvement in the financial condition of the Indian Government, because it is desirable to see how far that improvement is due to permanent and reliable causes, and how far it is due to incidents which are ephemeral and accidental. The revenue shows an increase of Rx. 1,405,300, but again opium absorbs a great amount of that increase—namely,

Rx. 873,000. The remaining Rx. 532,000 is due to a general advance under most heads of revenue. Against that must be put the amount of the cotton duties, by the remission of which the Government will lose in an ordinary year Rx. 495,000. When we examine these figures we see that there is a very small margin of revenue upon which the Government can rely to provide for any fiscal reform or increased expenditure. I am glad to say that again the Indian Government have shown signs of a remarkable frugality and control. The total increase of expenditure at the close of the year, including all these large sums which I have mentioned, is only Rx. 500,000, or 50 lakhs, as against charges incurred of 284 lakhs, showing an improvement of 234 lakhs. This is due to two causes. The exchange, estimated at 13·09, realised 13·68, so that there was an improvement of Rx. 1,610,000, and this saving in exchange almost exactly balanced the cost of the Chitral expedition. There was also a saving of Rx. 742,300 on the ordinary expenditure of the Army, and there was a further saving in other branches of expenditure, amounting to Rx. 234,900. These two figures taken together account largely for the remarkable improvement in the financial position, to which I have called attention. Thus we see in one year a loss in exchange very largely diminished by a saving in expenditure, and in the next year we see a gain in exchange greatly enhanced by further savings so as to cover very large unexpected disbursements. Here I must interpose a few observations upon the subject of the cotton duties. When those duties were imposed my predecessor in office imposed them on a certain condition—namely, that the duties were in no sense to be protective, and he undertook, should there be any vestige of protection about them, to take steps for their removal. When I succeeded the right hon. gentleman I had to look into the matter, and it appeared to me that there was an infringement of the condition. It became clear that we must either tax all imported cotton on yarn value or tax all cloth in India on its full value. We arrived at the conclusion that it would be most inadvisable to draw a hard and fast line in respect of various qualities of goods and yarns and to say, on the one side there shall be a duty and on the other side there shall be no duty. The House can hardly realise the extraordinary ingenuity which manufacturers show in keeping within a line of exemption. A deputation on this subject produced certain figures which are so extraordinary that I should like to call attention to them. The passage to which I refer is found on page 199 of the Blue-book on the cotton duties: "In the six months of 1878, when the first change was made admitting some classes of goods duty free, our exports to India were 9,000,000 yards of duty-free goods and 358,000,000 yards of goods paying duty. The following year, although the larger measure was only introduced in March, in the six months following March the duty-free goods were 99,000,000 yards and the duty-payable goods 323,000,000 yards, and in the corresponding six months of 1880 the duty-free goods were 360,000,000 yards; those on which the duty was paid were 161,000,000 yards, and the revenue from cotton duties, which was £200,000 in 1878, was reduced to £81,000." The arrangements that I have made have been attacked somewhat unfairly in certain quarters. My desire was to put the industries dealt with on a footing of perfect equality, and I claim that we have succeeded in doing that. Now I come to the Budget for 1896-97; but before I deal with the figures I should mention that there are two decisions which have been arrived at by the Indian Government which have absorbed a considerable sum in addition to the ordinary expenditure, as compared with the expenditure of the preceding year. The Famine Insurance Fund we determined to raise to Rx. 1,000,000, and that entailed on the revenue of this year an extra charge of Rx. 473,000 over and above the Budget estimate of the preceding year. But we further came to an important decision with reference to the Army. Those who have read the papers on the Indian financial statement in the Legislative Chamber of Calcutta will find there a most interesting and valuable speech by General Sir Henry Brackenbury as to the efficiency of the Indian Army; and especial importance, I think, attaches to that statement as he is probably of all living authorities the best acquainted with the conditions of foreign service. He has made that a special object of study, and was for many years the efficient and capable head of the Intelligence Department of the War Office. (Hear, hear.) He gives in the highest terms his opinion of the efficiency of the native Army—(cheers)—and gives a number of details showing the extraordinary improvement that has been made in recent years in organisation and powers of mobilisation. He also calls attention to the great economy in administration. But Sir Henry Brackenbury's speech reveals, at the same time, certain defects as regards power of mobilisation, and for some time past the Indian Government have pressed on us the desirability of allowing them to add largely to the reserve, and especially in connexion with camels. Camels are very delicate animals and require special handling, and it has been found that when a large number of camels are bought a very large proportion of them die in consequence of those attending them not being acquainted with their habits. Therefore we have provided for a reserve depôt of camels. We have also allowed for a reserve of 1,000 horses to be established in addition to those already in reserve. This will greatly increase the mobilising power of the Indian Government; but I will say at once that the India Council would not have agreed to this if it had not been of opinion that the native Army was fit to go anywhere and to meet any troops in the world. (Cheers.) In respect of these two matters, then, we start with a debit of Rx. 968,700. Exchange is taken at 13·75d., as against 13·1d. for the preceding year, and that gives a reduction in the charge on that account of Rx. 1,065,000. There are various other improvements and fallings off in the revenue, but after taking them into consideration we get a total improvement of Rx. 1,770,200. On the other hand, there is an increase in expenditure amounting to Rx. 338,000, which is almost entirely due to the very low estimate taken on account of the railway revenue. For some reason or other for the last few months the returns of the railroads have not been as satisfactory as we could wish, and in the circumstances we thought we were justified in taking a very low estimate. Deducting Rx. 338,000 increased expenditure from the improvement in revenue of Rx. 1,770,200, that leaves an improvement of Rx. 1,431,800, and if the special expenditure to which I have referred, of Rx. 968,700 is deducted from that amount, we get an estimated surplus of Rx. 463,100 for the present year. (Hear, hear.) I think I can congratulate the House on the fact that for the first time since 1891 the Secretary of State for India is able to show a surplus for each year, and that which makes those surpluses more satisfactory is the fact that they are honest surpluses, and the total expenditure in this country for the last two years has been defrayed without a loan. Whenever loans are raised in this country they affect exchange in two ways—namely, by diminishing the amount of rupees, and by their being sold at a higher rate. From 1888-89 to 1893-94 inclusive loans have been raised in this country in order to meet the liabilities of the Secretary of State in this country, but I am glad to say that in the three years to which I am alluding we have been meeting the whole of our obligations without having recourse to a loan. (Hear, hear.) It is also satisfactory to note how the improvement has progressed. Taking the last four years, we started in 1893-94 with a deficit of Rx. 1,546,999. In 1894-95 we had a surplus of Rx. 905,000, in 1895-96 a surplus of Rx. 1,600,000, and this year we have a surplus of Rx. 463,000. This improvement in Indian finance has greatly improved the borrowing power of the Indian Government, and the credit of the Indian Government to-day stands in an unparalleled position. Taking the credit of India in England, in 1889 the Government congratulated themselves on being able to raise a 4 per cent. loan at just below par. In 1893 they were able to raise a 3½ per cent. loan which realized 96·21, and this year we made the experiment of raising a 3 per cent. loan in England, and it was covered six times over and taken up at 110. Now, Sir, if the statement I have made had been made by a Chancellor of the Exchequer with regard to this country it would have seemed of so satisfactory a character that the general verdict would have been that it was a forecast that a remission of taxation was almost certain to take place in subsequent years. If India were similarly situated to this country such might be the case; but, unfortunately, it is not. Therefore I must warn the House against drawing any false inferences from what I have said. India differs from this country in two essential particulars. It is not self-contained as to expenditure; and, secondly, the Indian Government, unlike the British Government, is not in possession of any reserve of taxation either direct or indirect. The obligations in gold which year by year have to be met mainly arise in connexion with home charges, and there is no possibility of their being diminished. But that is by no means the greatest difficulty with which we now have to deal. Without almost any warning the charges in connexion with exchange which

we have to meet are subject to sudden fluctuations, and therefore the abruptness of the fall and the magnitude of the charge so imposed constitute a double financial difficulty with which India has now to contend. The fall in the value of the rupee of one-tenth of a penny causes a loss of 22 lakhs; or, in other words, a fall in exchange of a penny means a loss in the revenue of the year of 220 lakhs of rupees. The experiment of closing the mints for the purpose of improving exchange was an artificial makeshift; but at the same time, it has succeeded in doing that which its promoters anticipated—namely, it has caused a divergence between the exchange value of the rupee and the price of silver; but, although it has done that, still the market price of silver is the dominant factor in the exchange value of the rupee. Influences so widespread, cross currents so mixed, production so curiously controlled, political, commercial, and monetary interests so intermingled affect Indian finances to such a degree that it is impossible to foretell what is going to happen from the premonitory symptoms. Taking the surplus of exports over imports and the relative exchange values, it will be found from the explanatory memorandum that in 1893-94, when the exports were 4,057,000 tens of rupees under the imports, the exchange value was 14·547d.; the next year, when there was a considerable suplus of exports over imports, it was 13·101d.; and in 1895-96, when there was only a slight balance in favour of exports, it was 13·680d. Therefore, in each year the exchange value of the rupee operated in exactly the reverse direction from that which might have been anticipated. What I wish to impress upon the House, therefore, is that, owing to the speculative and gambling character of the exchange value, the Indian Finance Minister finds it almost impossible for him to foretell how it will operate in any particular financial year, and the expenditure can only be met by a margin of revenue or by financial or taxable reserves capable of immediate realisation. In these circumstances, we have to ask ourselves what taxable resources we have that are not now in operation. Of direct taxes there are absolutely none. The income tax is small and cannot be raised, and it is impossible to raise the succession duty. Besides that, these taxes are specially adapted to meet the difficulties and emergencies with which we have occasionally to contend. The only indirect taxation which is in our hands consists of the salt and Customs duties. The salt duty cannot be put higher because it is higher now than one could wish it to be. (Hear, hear.) Indirect taxes upon articles of great consumption cannot be varied from year to year, like the income tax, to meet the variety of charges; still less can they be abolished and then reimposed without causing general confusion in trade. Therefore, I may point out to the House that until the Indian Government can see its way more clearly in the future it cannot afford to part with any existing sources of revenue, although I am hopeful that revision and amendment of existing rates may not be outside our capabilities. (Hear, hear.) I lay these views before the House in the interests of sound finance and of those great producing trades and industries to whom uncertainty as to the future and a constant variation of taxation is most galling and injurious. There has been during recent years a development of two important portions of Indian policy, one external, the other wholly internal, but both bearing on Indian finance. In past years there has been an expenditure on frontier wars and upon punitive expeditions largely due to want of demarcation between ourselves and neighbouring responsible Powers. In view of the character of the frontier tribes and of the country it is of the greatest importance that the spheres of influence of the different Powers should be known, respected, and protected. There are on our Indian frontiers six such Powers—namely, Siam, France, China, Russia, Afghanistan, and Persia. The frontiers between India and some of these Powers have been demarcated. I trust that the demarcation of the Indian frontiers will lead to reduced expenditure and will inaugurate an era of more peaceful policy than has prevailed during recent years. With regard to Chitral, it was only the other day that we sent a number of troops up to that place, and during their march there was a heavy fall of rain, by which the bridges were broken and the road impeded; 4,000 men of the Khan of Dir were employed in repairing the bridges and the road, and the agreement entered into was loyally carried out. The camps were guarded by them, and, I am glad to say, the relations between our officers and troops and the tribes are steadily improving. What has occurred there may happen elsewhere. (Hear, hear.) I may say that the Chitral expedition has done an immense deal of good, because all along the route that our troops took the wild tribes that bordered it have been civilized to a large degree and the frontier has become settled. (Hear, hear.) The second movement to which I have alluded is that which relates to the construction of Indian railways. In this respect I have followed the policy that was laid down by the right hon. gentleman my predecessor in office. During the past year we have been able to make a substantial improvement in the means of railway communication by encouraging the construction of branch or feeder lines. We have also come to a definite conclusion to give a direct guarantee to those lines. The second matter which I looked into was the amount of capital annually given to main lines, and I thought that we might legitimately largely increase the amount devoted to that purpose. Hon. members who have the memorandum will see the amount devoted to irrigation and railways during the past three years. The sum amounts in 1894-95 to Rx. 6,637,944; in 1895-96 to Rx. 6,890,700; and in the present year to Rx. 11,550,600. (Cheers.) Including the expenditure by companies here, I think the outlay will exceed 12 crores in 1896-97, and this high rate will be practically maintained for three years. It will also interest the right hon. gentleman to know that we have arrived at a new decision as regards the means for supplying these funds. Of course it was desirable to keep down our obligations as much as possible and to have recourse to the loan market in India first. We came to the conclusion that for the future the Indian Government should raise all money and advance it, and by that means to take care that the loan market in India is always exhausted before recourse is had to a foreign loan. Then the third change which is about to be made is that there should be an annual conference in India of the chief railways officers, presided over by the Viceroy, in order that they may thoroughly consider all the proposals that come up before them. It seems to me that in the past our policy has been too piecemeal. Proposals were constantly coming in with reference to a particular line, and it was absolutely impossible for the Indian Government or the India Office to express an opinion upon it until it had been considered in connexion with others, and also in connexion with the amount of money available. I believe that if the practice is once established of having this annual conference it will ensure that every line sanctioned shall be part and parcel of a carefully considered scheme and system. I think, moreover, that it will fit in with the views of the promoters of railways, because they will know that they have to send in their schemes by a certain time, and that if they are not in by that time they will probably not be accepted. The return on railroads is satisfactory. In 1893-94 the percentage net receipts on lines in operation (independent of exchange) was 5·49; in 1894 it was 5·72, and in 1895 it was 5·82. The new mileage open in 1894-95 was 360, and in 1895-96 821. The new mileage sanctioned in 1894-95 was 651, and in 1895-96 it was 2,415. (Cheers.) Our experience as regards railroads in India is that the Indian Government have brought their Construction Department to such a point of ability that they can construct railroads more easily than private companies; on the other hand, private companies can, as a rule, more effectively work the lines. It is very desirable that railway enterprise should be largely developed in Burma, and we have recently entered into an arrangement with the Burmese Company by which they have undertaken to work the lines and provide the necessary capital for various feeders and extensions which from time to time will be necessary. I saw a statement in one of the newspapers that we had entered into an arrangement for the purpose of selling our interest in the lines; no such idea ever entered our heads. We have retained full control as to the rates and other conditions on which the lines may be worked. In looking at the question of railroads, I am glad to see that they have tended enormously to increase the amount of exports, during the last ten years, and have not only increased exports, but have also multiplied the staple commodities in India, so that India is no longer dependent on two or three staple productions. Looking to the other side of the balance-sheet to see how far British trade and industry have benefited by this increase, I think, on the whole, that it may be said that British goods have obtained their full share, with one notable exception, which is, I think, worthy of the attention of the House. There are two forms in which steel and iron are imported into India—in the shape of rails or railway material, and in bars or bulk. This country practically monopolizes the imports of railway material, but I think this is rather due to the fact that

the policy of the Government is to give some preference to home production. But when we come to steel and iron in bulk, there is a remarkable shrinkage in British imports into India. Twelve years ago we had 97 per cent. of the total imports of iron and steel into India, but according to the last return our percentage has shrunk to 56 per cent., while Belgium has risen during those years from $2\frac{1}{3}$ per cent. to 39 per cent. These figures are those of iron and steel in bulk. Now I think there are some persons who maintain that foreign competition is a bogey, but here is clear and distinct evidence that in regard to a manufacture of which we had practically the monopoly we are gradually being ousted. I commend this to the attention of both masters and men, because if we get ousted from a favourable market such as India in a matter of this kind I think it is clear that in a short time we may also find that we may be similarly neglected for other countries as regards the import of railway material. I have to thank the House for the attention with which it has listened to the various topics on which I have dwelt. (Hear, hear.) No one, I think, ever commenced a statement in connexion with Indian finance without being impressed by the immense range of subjects with which he has to deal, and also by the multiplicity and complexity of the questions on which he is asked to give an off-hand opinion. I do not think that anybody who ever held the post I have the honour to occupy has not appreciated the assistance of outside advice, opinion, or even criticism; but whilst I welcome advice and do not repel criticism, I cannot help feeling that there is a tendency in certain quarters at the present moment to somewhat unduly disparage the benefits of British rule in India. Since I have been at the India Office I have made a point of reading the translations of native newspapers which are sent home, and I think there is no improvement in their tone; on the contrary, I think they now discuss many matters with much more acerbity, indulge in more general depreciation of the benefits of our rule, and are more apt to draw wholesale indictments against us. If that is the case I think a very grave responsibility rests with anybody who encourages that feeling by perhaps attaching undue importance to the infinitesimal drawbacks of the effects of our rule and ignoring its infinite benefits. (Cheers.) For this, and all Governments which exercise an administration over composite races, absolute perfection is not the standard; the standard is the comparative merit of the Government that is in existence with the Government which it superseded or the Government which might supersede it. If those who criticise our rule in India could only have a very short taste of the rule which it superseded they would for generations to come bless the Government. (Cheers.) I was reading the other day accounts of the improvements which have taken place by the acquisition of the territories in Upper Burma, and the change that has taken place there is extraordinary. Ten years ago, outside Mandalay the government of the country was one of wholesale misrule. The hill tribes desolated the plains, thousands of cultivators annually migrated, dacoity in many parts was supreme, and outside the capital there was not a mile of road or a decent public building. There were no orderly law courts, and corruption and blackmail were the only methods of administration known. Now what is the position? An efficient police has been established; law courts subject to regular laws have been opened; violent crime has decreased from 3,408 in 1888 to 232 in 1894. The garrison has been reduced by more than a half, the hill tribes are pacified and quiet, emigrants are flocking back, cultivation is everywhere increasing; and notwithstanding the abolition of internal customs, the revenue has risen from 65 lakhs to 114 lakhs. (Hear, hear.) Such are some of the advantages which British rule has conferred on the native populations which have come under its power. I quite admit that there are many questions in regard to which I can only lend a ready ear to the suggestions or advice of persons who have experience or are competent to give it. Between European races and the vast population of India there are racial, religious, and social differences, and it is enormously difficult to graft European ideas of progress and reform upon primitive customs or upon old Eastern traditions, and all these difficulties result in a labyrinth of complex and contradictory problems such as, I suppose, no other Government in the world has to deal with. I think no one can pretend that through all these questions he can see light, even if he can frame principles for his guidance or exactly describe his goal. On all these questions there must be wide differences of opinion, but still there are certain principles on which we can all agree. A sense of external security, of inward quiet, of internal improvement, high credit, a flourishing exchequer, and a capable and impartial administration—these are elements by which, I believe, despite difficulties of race, religion, and custom, the prosperity and consolidation of this vast population can be effected and their loyalty and goodwill obtained. I venture on behalf of these three years to claim that they have done their fair share towards the realisation of these results. (Cheers.)

SIR W. WEDDERBURN'S AMENDMENT.

PARLIAMENT AND INDIAN FINANCE.

THE MORE EFFECTUAL DISCHARGE OF AN EXISTING DUTY.

Sir W. WEDDERBURN said that he was hopeless of any benefit arising from the Indian Budget Debate under the present system, or rather want of system. (Hear, hear.) Intricate accounts involving an expenditure of nearly Rx. 100,000,000 were placed upon the Table, and the House had no guidance in deciding whether the explanations of the Secretary of State were satisfactory or otherwise. The difficulty of the case was increased by the fact that the Secretary of State's "Explanatory Memorandum" had been only two days in the hands of members. Under such circumstances it was impossible that in the course of a few hours any profitable discussion could take place regarding Indian finance. He therefore asked the indulgence of the House in order that he might place before it a humble suggestion having for its object to obtain, in future years, a more systematic and effectual scrutiny of Indian Accounts. The amendment that stood in his name was as follows: "To leave out from the word 'That,' to the end of the question, in order to add instead thereof the words—'With a view to the effectual discharge of its existing duty in respect of the finances of India, this House is of opinion that the East India Accounts should each year be examined and reported on by a Select Committee of the House, thus *mutatis mutandis* assimilating the practice as regards Indian Accounts, to that followed, by means of the Public Accounts Committee, in respect of the Accounts of the United Kingdom.'" It appeared to him that this was a simple proposal, and at the same time a moderate one. It proposed no new duty, and only indicated the way in which an existing and accepted duty might be properly performed. (Hear, hear.) It merely proposed that in dealing with Indian finances they should exercise the same reasonable care that they exercised with regard to their own. A trustee was required to give as careful attention to trust funds as to his own property. But in the present case there was a painful contrast between the promptitude and rigour with which the House looked after its own finances, and the indifference with which it treated those of India. For weeks all items of British expenditure were minutely debated, while the complete control of Parliament was secured by the action of the Public Accounts Committee. On the other hand one day at the fag-end of the Session was grudgingly given to Indian finance, and no steps were taken to make the parliamentary control anything but illusory. It was a bad object-lesson for India, who complained that they neither gave her a voice in her own affairs nor would attend to them themselves. The British system of control had gradually perfected itself since the passing of the Exchequer Audit Act, 1866, and in the Report of the Public Accounts Committee for the current year testimony was borne to the great benefits arising from the arrangements now in force. Referring to the excellent services of Sir C. Ryan, the retiring Comptroller and Accountant-General, the report reviewed the past history of the Committee and noticed the admirable results, as evidenced by the Public Accounts, of the arrangements introduced by the Exchequer and Audit Departments Act of 1866. The striking contrast, from the point of view of financial regularity, between the period antecedent and the period subsequent to that measure showed it to have been, in its peculiar field, an "epoch-making" statute. It appeared that in the first nine years after the passing of the Act the financial irregularities brought to light averaged twenty-five yearly; but during the nine years up to 1894-5 this number was reduced to two yearly, and during the last two years all irregularities had ceased. But the Committee pointed out that the improvement was greater than that shown by mere statistics. "An examination of the Auditors'

reports will," the Committee observed, "show, what the experience of your Committee confirms, viz., a remarkable diminution of controversy on first principles and the disappearance to a great degree of impatience of scrutiny, a sure and honourable testimony to the value of the work." If such solid benefits arose from the labours of a Select Committee of the House in dealing with British accounts, why should not the same benefits, *mutatis mutandis*, be extended to India? Of course the system of Indian finance differed from that of the United Kingdom, but he believed that if a Committee was appointed an arrangement could be devised adapted to the requirements of Indian methods. He felt confident that to accomplish this was not beyond the wit of the noble lord, the Secretary of State, who would thus remove the reproach of neglecting the golden rule. (Hear, hear.) It would be for the wisdom of Parliament to decide how best the Committee could do its work, so as to secure for the House a reasonable understanding of Indian finance, and a reasonable control over this most important department of Imperial affairs. For the moment the rise of exchange, over which we had no control, had saved the Indian Exchequer from its most serious difficulties. A fall in exchange, over which we equally had no control, would plunge the Indian Treasury into its former embarrassments, and he would remind the House that financial embarrassment in India meant increased taxation, and perhaps a demand on the Imperial Treasury. The control over British finance now so smoothly worked by the Public Accounts Committee had not been devised in a day, but had been gradually perfected by experience. He noticed that the system had first been applied to the navy so long ago as 1832, to the army in 1847, and it was not till 1866 that it was extended to all grants in Supply. Similarly, if the House should be pleased to appoint a Committee to deal with the Indian accounts, he had no doubt that such Committee, with characteristic British business capacity, would work out for itself a practical method of performing its duties towards the House. They would look to the noble lord who had long experience of Indian affairs in the House for guidance in this important matter. But he (Sir William) had given much thought to this subject, and he might perhaps be allowed to make a practical suggestion as to the direction in which such a Committee might most advantageously work. He would suggest that the principal materials for the labours of the Committee might be provided by a special report on the financial condition of India, supplied each year by the Government of India, such report being based on the debates on the Indian Budget in the Viceroy's Council. The House was aware that the Council contained a certain proportion of non-official members nominated by the Viceroy, and under Lord Cross's Act of 1892 certain public bodies were allowed to recommend a few members for nomination, thus giving voice to a certain extent to outside public opinion on Indian finance. The debates, therefore, in the Viceroy's Legislative Council would give the Committee valuable and definite matter for consideration, and if, under the Viceroy's rules of business, the non-official members were invited to move amendments and decide upon them, distinct issues would be provided for the Committee to examine and report upon to the House. The proposed annual report of the Government of India would, of course come through the India Office with the views of the Secretary of State in Council, and it would be received early in the Session, so that the Select Committee would have abundant leisure for its consideration, and it might be hoped that the influence of an important Committee of this kind would induce the Government of the day to bring on the debate on Indian finance at a reasonably early period of the Session. Such was a brief outline of his scheme, which he would gladly lay more in detail before the noble lord. In answer to his question in the House a few days ago the noble lord expressed an opinion unfavourable to the appointment of a Select Committee on Indian finance. But he thought this unfavourable opinion was in great measure based on a misunderstanding of the proposal—a very natural misunderstanding, as in the limits of a question, the particulars of the proposal could not be set forth. The two main objections raised by the noble lord were that the proposed enquiry would seriously interfere with administrative work in India, and would entail large expense. No doubt these objections were based on the supposition that it was proposed rigidly to follow the procedure of the Public Accounts Committee, and make the duty mainly one of appropriation audit. As he had already explained, that was not the intention of the present proposal. No doubt there was in India an appropriation audit, but it was one entirely different in character and effect from that in England. In England the appropriation audit was of the highest possible importance, being the machinery by which Parliament exercised its financial control over the Executive, and especially the Treasury. In India, the appropriation audit was merely an arrangement by which the Executive controlled its subordinate departments; it was of little use, and of no constitutional importance whatever. As it was not proposed that the Committee should carry out an appropriation audit for India, the difficulty suggested by the noble lord disappeared, because departmental officers would not be called from their administrative duties in India, and no expense would be incurred. He would no longer detain the House. It was for the House to decide how a difficult, but manifest and admitted, duty towards India could best be performed. No one considered that the present state of things was creditable. It might not be possible to do complete justice to India in this matter. But that was not a reason for doing nothing. They might make an effort and do their best. No one could do more than that. (Cheers).

MR. H. J. WILSON.

MR. H. J. WILSON, in seconding the Amendment, remarked that the noble lord the Secretary of State himself could hardly regard the circumstances in which the Indian Budget debate took place in this House as satisfactory. The noble lord's speech was listened to during a considerable portion of it by twelve members on the Government side and nine on the Opposition. How could it be expected that those voluminous details could be mastered and digested in the time at their disposal? Whether the propositions of his hon. friend were practicable or not, he did not feel himself competent to express an opinion. He only desired to urge that something or other should be done.

MR. B. L. COHEN.

MR. B. L. COHEN said that the first thing which struck him in considering this motion was the extraordinary want of connexion between the suggested remedy and the alleged grievance. It was true that the memorandum of the Secretary of State had only been in the hands of hon. members for two or three days, but he had read that statement with very little interest. Nearly all its contents were familiar to him from the document which had been in the hands of hon. members for two or three months—namely, the financial statement of the Indian Government. This statement had been in their hands since June 24th. It seemed to him that the hon. member was proposing to substitute a faulty, certainly an imperfect, system of audit of accounts for a system which was the most ideally perfect, and for as clear and business-like a statement which any private or public body had ever examined. (Hear, hear.) He did not believe that the acceptance of any such arrangement as had been suggested would favour the better examination of the finances of India. He thought that the hon. baronet would acknowledge that the Public Accounts Committee had no control over the expenditure of this country, and the assimilation of the system to India could not in any way control or vary the expenditure by a rupee. He believed, therefore, that any deviation from the form in which the accounts of India were now presented would be to render more obscure that which was, in his judgment, quite clear. (Hear, hear.)

SIR H. FOWLER AGAIN.
REPLY TO SIR W. WEDDERBURN.

SIR HENRY FOWLER said he was surprised to hear the hon. baronet say that there was a mass of figures thrown on the Table of the House without anything to guide the House with reference to their meaning.

SIR W. WEDDERBURN: I did not say that. I said there was no guidance to enable the House to decide whether the explanations of the Secretary of State on behalf of the Executive were satisfactory or otherwise.

SIR H. FOWLER said he did not understand the hon. baronet to say so. He thought, however, that the last speaker had given a true answer to that criticism—namely, that the House had a most clear, complete, and elaborate statement presented to it nearly three months ago, and that statement contained not only the most lucid and powerful explanation of the finances of

India by Sir James Westland, one of the most distinguished Finance Ministers India had known, but the debate of the Indian Legislative Council, and the criticism by distinguished native members of the Council as well as Anglo-Indian members, on the various finance proposals of the Government. The hon. baronet said that the House had no control, as in dealing with the finances of this country in Committee of Supply, over the expenditure of India. No; nor was it a part of the Government of India that the House should control the expenditure of India in the same way as it controlled the expenditure in Great Britain. The House had by legislation delegated to two other bodies the administration of the finances of India, only reserving to itself supreme and final authority. The hon. member had urged the House to adopt the precedent of the Public Accounts Committee. But the hon. baronet could read the Standing Order under which the Public Accounts Committee acted: "That there shall be a Standing Committee, to be designated the Committee of Public Accounts, for the examination of accounts, showing the appropriation of sums granted by Parliament to meet the public expenditure." The Public Accounts Committee had no more control over the expenditure of this country than they had over the expenditure of the London and North-Western Railway Company. The theory of our system was that every Parliamentary Vote must be placed by the Treasury under the control of a department responsible for the proper application of the money. The regular appropriation of the accounts must be prepared in the department; the accounts must be audited; but there was in no sense a Committee controlling the expenditure. Was this new Committee of the hon. baronet to be, so to say, the Auditor-General of Indian Accounts? There were more than a thousand accounting treasuries in India, and those accounts could not be audited here, nor could the House bring the officials home. The audit must take place in India, and nowhere else. The noble lord had told the House how complete and satisfactory was the control of expenditure in India, and that it was quite as effective as the control of the expenditure here. Complaint had been made that but few hon. members came to listen to the debate on the Indian Budget, but, short of enforcing penalties for non-attendance, hon. members could not be compelled to attend these debates unless they were so disposed. When, however, the question arose in the House affecting the administration, the policy, or the interests of India, the House was scarcely ever more crowded than on these occasions. It was not fair to represent to the people of India, therefore, that the present small attendance always characterised Indian debates, or that it was to serve as any gauge by which to measure the interest taken by the House of Commons in Indian affairs. (Cheers.) Was this Committee to be a mere Committee of audit, or was it to deal with questions of policy? Did the hon. baronet mean that the policy of the Government of India should be referred to this Committee? Apparently that was what he intended, because he spoke of this Committee as a court of appeal from the Legislative Council of India. To constitute such a Committee as that would not be in accordance with the constitution. But there was already a Committee which acted as a court of appeal from the Legislative Council of India, from the Viceroy's Council and from the Council in Whitehall, and that Committee was the Cabinet of the Queen representing the majority of the House of Commons. (Hear, hear.) The proposal that a Committee of the House of Commons should undertake the control of the whole expenditure of India and of the policy of the Indian Government, was a proposal which the House would not entertain, and which, if adopted, would be resented both in Great Britain and India. If to the responsibilities already resting upon the House they were to add responsibility for the details of Indian Government, the machinery of Parliament would inevitably break down under the weight imposed upon it. But in recent times the House had shown no unwillingness to listen to any well-founded complaint relating to Indian Administration, taxation, or finance. The House had discussed in the last two years as questions of Imperial importance, upon which the fate of a Ministry might hang, the subject of competitive examination for the Civil Service, the subject of the cotton duties, the opium question, and the retention of Chitral. On some of these subjects the House agreed with the Government of India, and on others it differed; but in each case the House recognised its Imperial duties, and discharged them in a manner which represented the convictions of the majority of the people of this country. It was his opinion that in constituting such a Committee as was proposed, and transferring to it the duties which belonged to the Secretary of State and the Government, they would be adopting a plan which would give no satisfaction in India and which would cause great trouble and expense. (Hear, hear.)

Sir C. Dilke.

Sir C. Dilke did not believe that there was any ground for making an attack upon the system of administering Indian finance. In fact, he thought the appointment of any Committee would only result in eliciting facts in favour of the Government of India in this regard. That, however, was not the last word that had to be said on the matter, because Governments were not based upon scientific principles only, but depended in large measure upon the consent of the people to be governed. They must always take into consideration the necessity of securing for their Government the popular support of the people. The opponents of this Motion failed to take into consideration that popular support might be obtained if some such scheme as the hon. baronet proposed were adopted. Lord Randolph Churchill, who was a very remarkable Secretary of State for India, and left a very great name, was always in favour of some system of Committee in that House with regard to the Government of India. The same could be said of the late Mr. Fawcett. As regards the principle of enquiry, whether regular, or whether only occasional, he did not think that the point was settled by the speeches that had been delivered. As he had said there was a great deal that could be said in support of the Motion of his hon. friend, but he would ask his hon. friend and his supporters what they meant by their Motion? Did they intend that questions of policy should be brought before this Committee? He did not himself think that it would be a fitting body before which to bring matters of policy. There was, however, a great deal to be said for the view of Lord Randolph Churchill and Mr. Fawcett in favour of occasional enquiry by that House into questions involving the policy of the Government of India. But there was a great deal to be said against an annual and lasting enquiry by a Committee of that House, that would involve the policy of the Government of India. That would be a disturbing cause and would do harm and unsettle the finances of the Indian Government, and undermine the authority of the Legislative Council in Calcutta. Let them consider for a moment the weakest point of our rule, viz., that they had to rely in dealing with the people upon Native police, and that those police were not as satisfactory officers as they might be. Was the Committee which the hon. baronet proposed to consider, under the cloak of finance, the re-organisation of the whole system of criminal administration in India and of police in India. Take another question. The Home Charges of India had been reduced by the manufacture of military stores in that country. India had saved money in that way, and the process might no doubt be carried further. Was a Committee of this kind to consider that question continuously year by year? He thought it would be impossible for it to do so, for they would fail to get men of the qualifications necessary to carry such enquiries on year after year. In fact, this would virtually amount to assuming a portion of the responsibility of the actual government of India. Therefore he did not think that his hon. friend would suggest that questions of policy of that kind ought to be submitted to a Committee of the House, although he agreed that from time to time, examination by that House of questions affecting India was desirable. Then came the question whether, with these limitations it would be wise to have a Finance Accounts Committee, a Public Accounts Committee, on the finances of India. Arguing as he did, absolutely with the view that the financial system of India was a good one, he did believe it would be a good thing that the enquiry which they pretended to make in the House with a very thin attendance at the end of the Session, should be made by an annually appointed committee of the House; but he would give that committee no power over the Government of India. He believed that would be a better and more popular form of dealing with the accounts of the Government of India than the control they pretended to exercise in the House on the last day but one of the Session.

Sir H. Havelock-Allan.

Sir Henry Havelock-Allan rose to call attention to the remarks made by a very high English military authority with regard to the troops of India.

The Speaker: I think the hon. member must reserve his remarks on that subject until the main question is put again.

Lord George Hamilton.

Lord George Hamilton said he was bound to say that he agreed with everything the right hon. gentleman had said. He had had a good deal of experience of these committees, and he found that in proportion as the numbers of a Committee were increased the quorum had to be diminished. He asserted that it was no use whatever to appoint a Select Committee to enquire generally into Indian finance. The finances of India constituted a very large question, and he was convinced it would be almost impossible to bring the members of a Committee of this kind together in sufficient numbers and sufficiently often to enable them to report with effect on a question of such importance. He could not help thinking that what the hon. baronet wished was to appoint a Committee, nominally to investigate accounts, but in reality to interfere with policy. A more mischievous proposal he could not conceive. We had an Indian Government, they could control their policy in the House of Commons, and if the House of Commons disapproved of their policy they could express their opinion upon it; but to try and make that policy futile by checking expenditure which was necessary to give it effect was a mad suggestion. The hon. baronet also seemed to think that the more the House interfered with Indian finance the more economy would be promoted; but that was certainly not his view. Then the hon. baronet, the member for the Forest of Dean, spoke on one or two questions on which enquiry might be judicious—questions connected with native manufacture.

Sir C. Dilke: I said I could not support any proposal for an annual or permanent Committee to consider any question of policy.

Lord George Hamilton said he could understand the propriety, and even the necessity, of appointing a Select Committee to enquire into some definite subject; but, surely, of all the instruments for that purpose, the most inconvenient would be a Committee of Accounts. In the circumstances, he hoped the hon. baronet the member for Banffshire would not press his Motion.

Mr. M. M. Bhownaggree.

Mr. M. M. Bhownaggree thought it was not the intention of the hon. baronet, so far as he understood it, to have any sort of controlling Committee whatever. A sort of feeling did prevail, no doubt, both in this country and in India, that the statement of the accounts of India, which was submitted to the House at the end of every Session was not listened to by a sufficient number of members to satisfy the people of India that an interest was really taken by the House in their affairs. Whether that feeling was right or wrong he was not prepared to say, but, after listening to the elaborate and eloquent speech of the right hon. gentleman the late Secretary of State for India, he believed that the notion founded on that supposition would be to a certain extent dispelled. The purpose for which he rose was simply to ask the hon. baronet opposite not to press his Motion to a division. He believed it would do more harm than good. If hon. members were convinced that the accounts of India should be submitted to and attended to by a a Committee of the House, they ought to have time to deliberate on the way in which that was to be secured; but to bring forward a Motion of this importance, and to ask the House to decide upon it, would only lead to one result, and that was that the House would never listen to any argument in favour of submitting the Indian accounts to the House at a time when there was a fuller attendance.

The House divided on Sir W. Wedderburn's Amendment, when the figures were:—

For the Amendment	30
Against	110
Majority against	80

Mr. Herbert Roberts.

Mr. Herbert Roberts said that he understood that he would not be in order in bringing forward the Motion of which he had given notice, namely, "That, in the opinion of this House, it is desirable to revise the arrangements under which political control is exercised over Indian Princes and Chiefs, and especially to provide that in future no deprivation or penalty shall be imposed upon an Indian Prince or Chief on the ground of maladministration or misconduct until the fact of such maladministration or misconduct shall have been established before a public and independent tribunal." It was, he thought, most important that in the interest of the continuance of satisfactory relations between the Indian Government and the Indian people, that it should be made plain that the Indian Princes and Chiefs would not be interfered with, would not be punished or deprived of their ruling powers without an adequate and fair trial. He would not encroach one hair's breadth upon the essential condition of British rule in India, namely the right and obligation of the Indian Government to depose or punish those Princes or Chiefs when charges of misconduct or misgovernment were proved, but he contended that before action was taken by the Government in that direction, the men should have an opportunity of stating their case before an impartial tribunal. The foundation of the policy he advocated was to be found in the Proclamation of '58, for in that Proclamation the Queen said to the Princes of India, "We will respect the rights, dignity, and honour of the Native Princes as our own." From that day to this the Native rulers had shown their appreciation of the confidence reposed in them, and they had shown loyalty to us by helping us with money and troops in time of our need. There were precedents which proved that the Indian Government had taken the course he desired. For instance, when charges of misgovernment were brought against the Gaekwar of Baroda in 1875, a Commission, consisting of three English Judges and three Natives, were appointed to enquire into them. The same pledge which was given in the Proclamation of '58 was given at the historical assembly at Delhi, but in his belief, and in the opinion of a number of those who acted with him, the Government of India had recently violated the spirit of the pledges they had given, and the effect had been to create an impression in the minds of the Native rulers that the policy of the past was not going to be rigidly enforced in future. It might be said that an enquiry was conducted in the case of the Maharaja of Jhalawar, but he could not admit that when charges of misconduct or mismanagement against a Native ruler were enquired into by a political agent, the enquiry could be called an impartial one. Until it was made quite plain that we intended to treat the Native rulers with respect, and intended to carry out our pledges, a very unfavourable impression would exist in their minds, and until that impression was removed there would exist a feeling of dissatisfaction and disquietude which might have serious consequences.

Sir Andrew Scoble.

Sir Andrew Scoble said that the hon. gentleman opposite was no doubt perfectly right in saying that a well-governed neighbouring Native State was a source of strength to the Indian Government as well as of happiness to the population of the State itself. The Government of India fully recognised that fact, and they did their best to ensure the good government of all the neighbouring Native States. The Government of India, however, interfered with the domestic government of native States with the greatest reluctance, and only in such cases where such interference became absolutely necessary. He could not conceive what tribunal the hon. member proposed to set up in place of the Government of India, who had always acted most impartially in all cases in which their interference had been necessary. To set up a fresh tribunal of any kind would increase rather than diminish the responsibilities and difficulties of the Indian Government. No doubt proposals of this kind had rather a specious air at first to those who were not intimately acquainted with India, but when they came to be examined into, that speciousness disappeared, and it was soon discovered that it was impossible for them to be carried out practically. (Hear, hear.)

Mr. Bhownaggree.

Mr. Bhownaggree, who had given notice of the following motion: "That the system of combining executive (revenue and police) with judicial duties in the same officer which at present prevails in India is objectionable in principle, inconvenient in practice, and calculated to shake the confidence of the people in the administration of justice; and that, therefore,

in the opinion of this House, it is desirable to revise the system, with the view of effecting a separation of judicial from executive functions," said that he had given notice of a motion upon the subject of the system of combining executive with judicial duties in the same officer, which the forms of the House would not permit him to move, and therefore he would only deal with the matter in a general way. In the first place, however, he hoped he should be permitted to congratulate the noble lord upon the very interesting and lucid statement he had delivered that evening, in the course of which he had been able to show that the finances of India were in a better state than they had been in for many years. (Hear, hear.) He must also congratulate the noble lord upon the improved credit which India now enjoyed, both in this metropolis and in India itself. It was also a matter for satisfaction that the demarcation of the Indian frontiers had been proceeded with to so great an extent. He was glad to hear from the noble lord that inducements had been held out to Indian capitalists to invest in Indian railways, because he believed that it would not only be an encouragement to Indian investors, but would tend to develop the railway communication of the country by construction of new lines. He now came to the subject of his notice of motion. He might say, in the first place, that all native administrators of the highest capacity admitted that law and justice in India had never been so well administered as it had been under British rule. To say that law and justice were administered in India very much in the same manner as obtained in this country was equivalent to saying that that administration had obtained a very high level indeed. (Hear, hear.) Every human system, however, had its defects, and there were certain defects in the administration of law and justice in India. That was the fault, not of individuals, but of the system which had been handed down from generation to generation—in fact, ever since the establishment of British rule in India. In the past it was found expedient to allow things to go on as they were, but now, in more settled times, and with a higher standard before us, he had thought it to be his duty to draw the attention of the noble lord to the defects in the administration to which he had referred in the hope that the noble lord would promise to give due consideration to the subject, and to do his best to remedy those defects. There was a system in India which was not known here, namely, that in the large districts the judicial, revenue and police functions were mixed up. He read the statement of an officer who stated that in the extensive and thickly-populated districts he had for years combined in himself the functions of head of the police, head magistrate, head superintendent of prisons, head revenue officer, head tax collector, head of the Treasury Department, head manager of Government estates, head engineer, head sanitary officer, and other functions. This was the statement of an officer occupying a distinguished position under the Government of India, and he could assure the House that it was true. When the same person held so many offices the judicial function must be affected, for even the highest men in the service of the Government were human beings. In the districts there were three grades of magistrates, known as first, second, and third class of magistrates; these were under the chief executive officer of the district, who was called the district magistrate or collector. The first class of magistrates had power to inflict two years' rigorous imprisonment, and the second and third class had power in a less degree. Under this district officer there were officers who were also invested with executive and judicial functions, down to the lowest grade, and known as the joint, assistant, and deputy-magistrates. Then there were the deputy-collectors, and even the sub-deputy-collectors. The executive functions were of a very varied character, and naturally brought them into relationship, and even into conflict, with the inhabitants of the district, and yet in the same district these officers had to perform their duties as judges in certain matters. The consequence was that very often preconceived notions in regard to their judicial functions were attributed to them; but, whether this was a fact or not, they could not deny that in some cases, if not in many, such a misconception was possible, and if it occurred it might taint the purity of justice. This had been a vexed question for a century past. In 1793 it engrossed the attention of Lord Cornwallis, who made a regulation that the collectors of revenue who presided over Revenue Boards should be divested of the power of deciding upon what were practically their own Acts. In 1860 there was a Commission, which reported on the organisation of the police, and declared that the judicial and police functions were not to be confounded. Sir Bartle Frere, in introducing the Act of 1860, expressed the hope that at no distant period the principle for which he was contending would be acted upon throughout India. That principle had been acted upon in some portions of our Indian dominions, but at the same time there were still considerable portions where the collector or the district judge was also the head of the judicial system. This combination of functions had, he believed, very often led to a miscarriage of justice according to the opinion of the judges of the High Courts in India. At the present time, he believed, there was a quarrel on the subject between the High Court of Bengal and certain officers under the Government of Bengal. Many distinguished and weighty names might be adduced in support of this separation of functions which they desired, among them being those of Lord Hobhouse, Sir Henry Maine, Sir Richard Garth, Sir John Peter Grant, Sir J. Strachey, Sir Lepel Griffin, and two Secretaries of State belonging to both parties. Lord Kimberley had said that the difficulty was simply one of expense, and the objections which had been raised to this separation of functions had either been on the ground of expense or of prestige. He believed, however, that the change could be effected by a division of labour rather than by an increase of officers, so that extra expenditure would not necessarily be involved. It was possible to divide the various functions among the half-dozen assistants who were under the chief of each district, and to divide them in such a way that no assistant would have mixed duties. It was further objected to this reform that, unless the executive officer had judicial functions to perform, he would lose prestige. He himself was one who attached great value to prestige, especially in a country like India; but it should be prestige of the right sort, and not terrorism. The contention really was that every officer should have penal power to enforce his orders. That was not at all necessary, and such power was very likely to be abused. Any officer, European or native, who had the authority of the Government behind him, had quite sufficient prestige. A member of the Bar in Bengal had prepared a list of twenty cases where abuses of the kind he referred to had occurred. A reform which could be accomplished at such small cost and with so little difficulty ought to be at once put into effect. Of course the present system had been handed down from generation to generation; but he had said enough to show that there was at least a case for enquiry. The system must necessarily beget great distrust of the administration of justice; and, as far as the expense of reform was concerned, that consideration ought not to make the Government of India shrink from the necessary steps. The strongest basis of British rule in India—the reason why the people had such confidence in it—was above all the sense of justice with which that administration was inspired. That it was which had made the greatest impression on India, and if that confidence were shaken, the great fabric on which British dominion in India rested would also be shaken.

On the return of the Speaker after the usual interval,

Mr. BHOWNAGGREE said he trusted the Secretary for India would give his attention to the grievances in connection with the Indian Medical Service. Graduates in the Medical School in India had not had fair play, and it was believed this was based on racial considerations. Regard to these was inconsistent with the traditions of British rule in India, and the Secretary for India, he was sure, was the last person to attach any importance to racial distinction. The Queen, in her famous proclamation forty years ago, said that all her subjects would be treated equally without regard to distinction of caste, colour, or creed. In this connection he wished to call attention to the compensation allowances given to European officers on account of the difference in the exchange value of money and submit that these allowances under certain conditions ought to be extended to Native officers. Many of them had to go to considerable expense to send their children to this country to be educated to qualify them for the Civil Service, the legal profession, or the higher grades of the medical profession in India. Native officers, especially in the uncovenanted Service, should have the same privileges as their European brethren. He wished also to speak of the British-Indian subjects in South Africa, notably in the Transvaal, who were precluded by the local legislation in the Transvaal from acquiring and occupying tracts of land within certain limits. The Colonial Secretary had promised to look carefully into the question.

Then there was the exercise of the franchise by British Indians in Natal. The Natal Legislature in April last issued a proclamation excluding all subjects of her Majesty's Indian Empire from having the power to vote at elections. He did not see why the responsible authorities of the Natal Government should have imposed those restrictions unless they were based purely on considerations of race and colour. He admitted that there were distinctions of race that had to be preserved in every colony and community, but these restrictions were not meant to do any good or prevent any impending harm. The Secretary for India was the custodian of the rights and privileges of the Indian subjects of the Queen, and the Secretary of the Colonies had a controlling hand over the legislative proceedings of Colonies, and he hoped they would combine to bring about a remedy. It was a noble sentiment of the ex-Secretary for India, the right hon. member for Wolverhampton, that every member of the House was also "member for India." He implored the House, regardless of Party considerations and petty racial feelings, to rise to that sentiment and as members for India see that the Indian subjects of the Queen were not deprived of their rightful privileges, and subjected to uncalled-for degradation and humiliation. The hon. member for Battersea said the objection to the employment of Lascars on P. and O. steamers was not based on racial prejudices. If the hon. member could come with him to India he would show him Lascars who in physique and skill were the equals of the hon. member himself. (Cheers and Laughter.) As far as loyalty was concerned, a more loyal and devoted people than the people of India, especially of the class of Lascars, there could not be found. Whatever distinction of treatment they made, let it be on the score of qualities and qualifications, but never on the score of caste, colour or creed. He fervently hoped that the Secretary for India, in conjunction with the Secretary for the Colonies, would take steps to remove the great indignity sought to be imposed upon British Indians in South Africa by the Natal Legislature refusing them the elementary right of every British citizen of voting for the candidates of such Legislature. He acknowledged the complimentary terms with which the Secretary for India had referred to the Indian army. He did not believe for a moment that the gallant General, to whom certain words had been attributed, attached to them the meaning applied to them afterwards. It was due that from his place there he should also disown the sentiment which was uttered within a very few months within the same room as that in which the gallant General's remarks were made. There was an exclamation used to the effect that the connection of Great Britain with India only tended to impose a great and material burden upon India, and that India also, at the same time contributed to the glory and greatness of England. He should be failing in his duty if he did not take the opportunity, in the name of the people of India, of saying that the connection of Great Britain with that country had been the instrument of conferring manifold blessings upon the people of India, and that if India had contributed in any sense to the greatness and glory of England, that was but a poor payment for the many blessings she had received.

SIR H. HAVELOCK-ALLAN.

Sir H. HAVELOCK-ALLAN, as one who had been associated with the native troops of the British power in India, entered his strongest protest against the construction that might possibly be put upon certain words which had fallen from the Commander-in-Chief of the British army. Nothing was further from the gallant gentleman's mind than to cast any reflection at all upon the spirit, the courage, or the loyalty of the native troops in India. No graver question could be raised than that of the efficiency of the Indian army. He had the honour of recollecting the British troops in India as far back as 1848, and on and off for nearly half-a-century, since that time he had been associated with them in various quarters and various fields, and he could safely say that, however great their efficiency and power might have been in former days, there was no period in the illustrious and chequered history of the Indian troops of the British Empire at which they were more efficient and better calculated to serve the purpose for which they were intended—namely the defence of their native country and British interests there—or were more disciplined, more loyal, or more zealous than at the present moment. As to the statement that had fallen from Lord Wolseley, he had since qualified it by stating that there was no more efficient, loyal or more splendid troops in the whole world than the native troops of the British Empire; but he had also said that the Indian army of 120,000 men, or thereabouts, was composed of races not all of equal martial quality. Those who admired them most would be the first to admit the truth of such a statement. He would undertake to say that, if the opinion of experts such as Sir Henry Brackenbury—whose report, dated the 28th March, on the Indian army had become a State paper deserving the study of every man in that House—Sir Donald Stewart, and Lord Roberts—who had been Commanders-in-Chief in India—had been given before a Commission like that on which Lord Wolseley gave evidence the other day, they would have been found to be the first to admit that there were great differences both in the martial qualities and preparedness for war of the various portions of their Indian troops. There were 50,000 of them as competent to be put in the field, if officered by a proper number of Europeans, as were any troops in the whole world. Lord Wolseley never intended to say that he was afraid or would decline to lead these 50,000 picked troops against any troops of any other military Power. This question of the efficiency of the British army in India, under the circumstances of the day, was of primary importance. He contended that the British army in India was equal to any contingency to which it might be exposed, and capable of facing any opposing force, if only it had a proper number of European officers. That was the great defect in the present system. After the Mutiny it was thought right to reconstitute the Indian Army. In the belief that a few regiments that were called irregular had done well with three British officers, the great mistake was made of reconstituting the whole of the Native Army with three British officers per regiment. Later on a fourth, a fifth, a sixth, a seventh, and an eighth officer were added, but the sooner we dissipated the idea that the whole of the Army in India was properly organised for operations beyond the Indian frontier the sooner we would arrive at a degree of safety which would prevent war. The Native troops were now organised on what he would call a fatal system—the system of three linked battalions. Was it credible to anyone who had studied the organisations of the great military Powers of Europe that there were only seven or eight British officers to each Indian native battalion, and that of the three battalions linked together, and there were forty or fifty of them, the theory was that one battalion was to be put into the field and that the twenty officers or so belonged to the three battalions? Everyone recollected the disaster that occurred to a portion of the Indian Army in 1879, when it was opposed to an Afghan enemy with a great preponderance of artillery. The defect of which he was speaking was then displayed in a striking way. Two Native regiments had only ten British officers between them, and in the course of the action five of those officers were killed or wounded, and the whole force crumbled up like a rotten stick. The brigade, under General Burroughs, was defeated, and had to retreat for nearly sixty miles simply because the Native portion was not officered as it ought to have been. He did not wish to say anything to the detriment of the Native troops on that occasion, because they fought gallantly side by side with their British comrades, but he did hope we would derive some instruction from that disaster. This was a question the magnitude of which could not be overrated. The taxpayers of Great Britain and the taxpayers of India—the most heavily taxed people in the world—had a right to know whether the money extracted from them for the support of the military power was rightly expended, so that when the occasion arose the soldiers they furnished would be so organised as to maintain the defences of the country in a proper way. He implored the Secretary of State for India to take advantage of the interest that had been excited by the somewhat misunderstood expression of Lord Wolseley to initiate a complete and searching enquiry as to whether the Native Army in India, as now officered by British officers, was efficient for its purpose or not. The time might not be far distant when it might be as important to this country that every portion of our Native Army should be as efficient for the purpose of the defence of the frontiers of India as the very pick of the troops of whom Lord Wolseley spoke. A great responsibility rested upon Lord Wolseley. Though Commander-in-Chief of the British Army, he was incidentally responsible for the Army of India, and therefore members of the House who were inclined to take a somewhat unfavourable view of the utterances of Lord Wolseley should make great allowance for a man in his position, and who

desired to do that which was for the benefit of his country. They might deplore that the utterances were made on an unfit occasion, and perhaps in an unfit way; but a great basis of serious truth underlaid what Lord Wolseley said. He therefore entreated the noble lord the Secretary of State for India to institute an enquiry at once as to whether the Native Army in India was, as to its proportion of British officers, in a secure position. A Commission, presided over by Lord Welby, had sat to enquire into the question of the apportionment of the military charges between India and England. He advised the Leader of the House to let no time elapse before reconstituting that Commission and enlarging its scope, so that it could go into the particular point he had now raised.

MR. PHILIP STANHOPE.

MR. PHILIP STANHOPE said that earlier in the evening he gave his support in a limited way to the motion of his hon. friend (Sir W. Wedderburn). Year after year they had pressed on successive Governments the necessity of providing occasions when Indian topics might receive adequate attention. The question to which he desired to draw the attention of the House was one of great importance to both England and India, and was of too large a character to enter into fully. He referred to the question of the cotton duties, and he wished to allude to it briefly for one purpose only. The noble lord had briefly referred to the duties in the lucid statement he had made touching the finances of India, and pointed out that the modifications he had been able to introduce into the scheme originally accepted by the right hon. Member for Wolverhampton had, at all events, produced this desirable result—that there was now an equitable system in existence as between the Indian and the English manufacturers. While he cordially acknowledged the good effect of those modifications, he would, on the other hand ask the noble Lord to remember that in former days he had expressed the opinion that those import duties, in whatever sense they might be regarded, were detrimental to trade, and that he had declared that they ought to be repealed whenever the finances of India would enable it to be done. (Hear, hear.) That declaration applied with as much force to the question to-day as it did when it was made, and therefore he hoped that the noble lord had not forgotten it. He was willing to admit that the present moment might not be the most opportune for raising the subject again, and that it might be well to give time for the recent changes in respect to the duties to settle. But he was anxious, nevertheless, that the subject should be kept in mind. (Hear, hear). A few months ago they were told that great agitation existed in India, and that the manufacturers and people of India were protesting against the changes introduced by the noble Lord; but, after all, very little had been heard of this great agitation. (Hear, hear). They were told that the Indian people were ready even to boycott Lancashire cloth and to adopt the most extreme measures of opposition, but no such thing had yet taken place, and he did not believe it was in prospect. He repeated that having regard to the fiscal changes just made in India, and to the fact that the silver question must be one of considerable anxiety to the people of India, remembering what was taking place in America, the present time might not be the best to raise the subject again. Therefore all he would ask the noble Lord to do was to bear in mind the fact that the question of the Indian cotton duties had not been absolutely settled, and that when a good opportunity occurred it would be re-opened. (Hear, hear). The rate of exchange at present, perhaps, was too precarious to enter upon the matter, but if next year the silver question was settled in America, and there was any prospect of the same stability in the course of exchange, he hoped and believed those hon. members who represented Lancashire would take an early opportunity of again raising the whole matter. It was not a party question —(hear, hear)—and it was one in which the interests of the people of India and those of British commerce were alike concerned. (Hear, hear.)

MR. A. J. BALFOUR.

MR. A. J. BALFOUR thought it was desirable that he should now make an appeal to the House to go into Committee. They had had a very interesting discussion, to which the hon. and gallant member for Durham and the hon. member for Bethnal Green had made very important contributions—(Cheers)—but that discussion had now run its natural course, and he trusted the House would at once go into Committee, when any financial point might be raised.

The motion that the Speaker do leave the Chair was then agreed to.

The House then went into Committee, and MR. J. W. LOWTHER, Chairman of Committees, read from the chair the usual statement as to revenue and expenditure.

SIR H. H. FOWLER.

CONGRATULATIONS TO LORD G. HAMILTON.

SIR HENRY FOWLER said he had to congratulate the noble lord on the satisfactory statement he had made to the House. He would not say that he entertained any feeling of envy towards him in respect to his position when he recollected how he had himself to be content with an increasing expenditure, a falling revenue, and a falling exchange, but at all events he could not help looking with some feeling of jealous pleasure at the statement the noble lord had been able to make—that although there was an increasing expenditure yet that there was an increasing revenue, and that a balance on the right side had been carefully maintained, and that the rate of exchange had improved from 1s. 1d. when he was in office to 1s. 2d. since the present financial year commenced. If that fortunate state of things continued it would certainly have a material effect on the finances of India. (Hear, hear.) He had always maintained, as the noble lord had done on that occasion, that the true secret of our financial difficulties in India was the difficulty of exchange, and that the great increase in net Indian expenditure was attributable, in the main, to the enormous loss sustained on exchange. The loss upon exchange during the last few years was given by the noble lord in his explanatory statement, which showed that while in 1882 the total charge for exchange was Rx. 10,000,000, in 1892 it was Rx. 7,000,000, and in 1896 it was Rx. 13,500,000. This was the real trouble they had to face, and he hoped that the expectations the noble lord had held out might be realised. He had been much gratified to hear that the frontier difficulties were coming to an end. Our anxiety had been owing not so much to aggressive action on the part of our neighbours in India as to the difficulty of ascertaining and settling what were the true frontier boundaries with neighbouring States, and he was glad that a similar policy to that pursued with regard to the settlement of the boundaries of the Pamirs was being pursued by the present Government in those important matters. It was true that the subject in which perhaps he took the greatest interest when he was in office was that of the extension of railways in India, and he was very pleased to note the advance which the noble lord had made in this work during the present year. Owing to the financial difficulties created by the loss on exchange the work of railway extension was suspended to a great extent in 1890, and in 1892 and 1893 it reached its lowest ebb. Therefore, it was very satisfactory to learn that the noble lord had been able to provide by various means upwards of Rx.12,000,000 for expenditure on the work this year—(hear, hear)—for nothing could tend to promote prosperity in India more than a large railway expenditure. (Hear, hear.) In the last three years the percentage of net receipts on capital cost had increased from $5\frac{1}{2}$ in 1893 to nearly 6 per cent in 1895; the number of passengers had increased in the same period from 135 millions to 152 millions, and the amount of merchandise conveyed on the Indian railways had increased from 28,000,000 to 32,000,000 tons. Therefore, this increased railway expenditure was a wise one because it was successful. He hoped the noble lord would continue to pursue this policy, and in doing so he would confer a great boon on the people of India. (Hear, hear.) A point on which the noble lord did not touch, and one to which he wished to refer, was the debt of India. The Indian debt was Rx.122,000,000, and the sterling debt was Rx.115,000,000. But that was not all the truth of the case, and he wished to call the attention of the Committee to page 23 of the Memorandum of the noble lord, in which, taking the figures down to March 31st, 1896, it was shown that, whereas the debt in India was Rx. 123,000,000, the assets against that debt in India were Rx. 148,000,000. Therefore, they had an actual excess of assets over liabilities of $25\frac{1}{2}$ millions. But the debt of India was like the debt of a municipality in England, who incurred a debt to pay for a gas-works or to construct a water-works or any other reproductive works; and of all reproductive expenditure in

India, that on railways and irrigation was certainly the most satisfactory. (Hear, hear.) The rupee debt of India was really 123 million tens of rupees. Against that, in railways constructed by the State, which were producing nearly 6 per cent., in irrigation works, in loans to corporations, and in cash balances there was a set-off of 148 millions; showing that, so far as India was concerned, there was a balance to the good of 25½ millions. In England the increase of the debt was greater and the assets were less. The sterling debt of India in England was £116,000,000, and the charges, advances to railway companies, and cash on the other side of the account amounted to £68,000,000. Therefore, in England they had an uncovered debt in excess of assets of £47,000,000. If they deducted 25 millions from £47,000,000, the House would get at what was the real debt of India. He knew of no other country in the world where the real debt was of the smallness of the real debt of India. There was another point with reference to the taxation of India. He agreed with the noble lord that the sources of Indian taxation were limited. He did not see that there were many other sources from which he could draw, and that, of course, had a proper restraining effect on Indian taxation. He also agreed with the noble lord that there was one tax which he ventured to think had the first claim upon the Secretary of State and upon the India Council, and he was sure would have the first claim on the Legislative Council in Calcutta whenever there should be a surplus. That was the salt tax. (Hear, hear.) The salt tax was raised in a special emergency a few years ago. It was raised at a very high percentage, and, like the income tax in England, it was a tax which could be raised more readily than any other tax. In a time of, he would not say peace, but of tranquility and of prosperity, he was satisfied that it was to the interest of the Indian Exchequer, as well as to the interest of the taxpayer of India, that that tax should be at as low a figure as it reasonably could be. They were told that India was such a heavily-taxed nation. He did not deny the poverty of the Indian people, and he did not deny that the burden of taxation was heavy. At the same time, it was always well they should know what the exact figures were. The burden of taxation, according to the Secretary of State's own statement, was putting it into English money, 2s. 5½d. per head in 1895; 2s. 6¾d. in 1896; and for 1897 he estimated it at 2s. 6½d. In this calculation he was taking the rupee as worth 2s. The taxation of England was on a very different scale. In England the taxation per head was £2 11s. 8d.; in Scotland, £2 8s. 1d.; and in Ireland, £1 12s. 5d. Those were, no doubt, very wealthy countries compared with India, but nevertheless there was a very great difference between 2s. 5½d. and the figures he had just given. Again, the noble lord reminded them of what would happen if the British Government of India was superseded by another Government. He ventured to say there would be an enormous increase in the burden of taxation. (Cheers.) When he heard the economy of the British rule impugned and the expenditure of the British Government styled extravagant, he should like the House to contrast the British expenditure in Madras with the expenditure of the Government of Mysore, which was a native Government, one of the best native Governments, a Government of great ability, of great enterprise, and of great public spirit. He had the figures before him, but hon. gentlemen would perhaps take it from him as correct, that the expenditure, the taxation per head in Mysore was greater than it was in Madras. He simply made that remark, not as in any way casting the slightest reflection on the expenditure of Mysore, which he believed to be wise and just, but as some indication of the nature of the charges which were spread broadcast with reference to the expenditure of the Indian Government. He thought the Secretary of State would have to contemplate an increase in internal expenditure in India. As time went on, and as the wise demands of Indian civilisation increased, he was satisfied that in all those social, sanitary, educational, and other means of expenditure on which this country and their colonies prided themselves, and which were most happily increasing in India, he was satisfied the Secretary of State would have to increase his outlay. He hoped the House would pardon him if he said a word upon a matter in which he had a personal interest, and on which he had been criticised most severely, and on which his mouth had been closed—namely, the cotton duties, and if he also expressed his own opinion as to what was the best mode of carrying out that policy on which the noble lord and himself, he thought he might say, had been agreed. Nobody, he thought, would contradict the statement that from the very first he always maintained his determination to remove any just complaints that this country could have against these duties, so far as they were protective. The basis of his policy was that there should be no protection. It was admitted eventually, and he was himself convinced, that there was an element of protection in the duties. The Lancashire people contended that exempting local yarns of 20's was unfair to them, and that to tax the cloth at its finished value, whereas the excise duty was only upon yarns of 20's, and cloth of that weight was also unfair as favouring the local production. He thought the contentions were exaggerated, but as far as the principle was concerned they were made out. He thought the Government of India and the noble lord and his Council at home were quite right in recognising it. But the question arose: What was the best mode of removing that protection? And there, perhaps, he was rather disposed to part company with the noble lord. The ablest document he had seen in the Blue-book upon the question was the memorandum of Mr. Campbell, collector of land revenues and customs at Bombay to the Government of Bombay, and it was only fair and just to that distinguished officer to call the attention of the House to the great ability with which he dealt with the whole case, and although he himself was unable to concur in the conclusion at which Mr. Campbell arrived, he was not surprised that the noble lord and the Government of India had looked at that conclusion with favour and had practically accepted it. Now, Mr. Campbell pointed out that there were three courses open to the Government, and those three courses were—(1) to tax all cloth and yarns at finished values; (2) to tax all yarns over 20's and all goods containing such yarns and to exempt all cloth and yarns of 20's and under; and (3) to tax all woven goods and exempt all yarns. Now, the collector at Bombay stated that, in his opinion, the only practical alternative was to tax all cloth and exempt all yarns, and that was the view which the Secretary of State had taken. Before the matter came to the consideration of the Legislature in Calcutta the Bombay Government were consulted. That Government, representing as they did a portion of India containing the largest Indian manufacturing interests, were entitled to speak with some weight upon the question. The Bombay Government, in a letter addressed to them in January last to the Government of India, said there were two schemes put forward—namely, that of the Bombay millowners, which was to exempt all imported yarns of 20's and under, and all cloths made from such yarns, and to put them on the same footing as similar local produce, and that the excise should be imposed on the market value of all Indian cloth made from yarns over 20's. That no doubt removed all protection. The proposal of the collector of land revenue was that all yarns should be exempt, and that all cloth should be taxed at its market value. Mr. Campbell raised the point which had great weight, if he might say so, with the noble lord—namely, the difficulty of the dividing line at 20's. There was one other difficulty connected with this scheme which he should like to notice in passing, which was this, that if you levy a tax exclusively upon woven goods you leave out a very large class of native produce which was made in handlooms. Under the scheme which the late Government sanctioned the tax was levied on yarn, and, therefore, before ever it reached the handloom weaver it had paid the duty, but, of course, if yarns were exempt from duty that industry remained unchecked. What the Bombay Government said was this: "The fourth objection is, in the opinion of his Excellency in Council, of considerable importance. There are hereditary, skilled, and generally well-to-do weavers throughout the country who will be materially aided in their competition with the mills by a tax on the cloth produced in the mills from which they are exempt." That question was very fully discussed. It was discussed at Madras and Cawnpore, where this industry was, perhaps, more extensive than in any other part of India, and the Cotton Chamber at Cawnpore said, "This Chamber's views coincide with those expressed" (at Bombay). "Within the last five years two mills at Cawnpore have had to discontinue the weaving of cloth and stop their looms because of their inability to compete with hand-woven cloths." Two-thirds of the cotton cloth production in India was from hand-looms and one-third from powerlooms, and the impending legislation proposed to penalise the weaker industry. That view was repeated in a variety of other documents in the

Blue-book. He had no idea until he saw these figures that between 6,000,000 and 7,000,000 persons in India were dependent on the handloom industry; and, of course, whether right or wrong, they must not overlook the fact that a large industry in India which must compete, he thought, with Lancashire and with the powerloom mills in India, was exempt from taxation altogether. There was another point raised by the Government of Bombay to which some importance should be attached. It was the serious objection to the taxation of cloths used by the poorer class of consumers. The difficulty of the dividing line was, of course, a question for experts, and he felt great hesitation in expressing an opinion upon it; but he could not shut his eyes to the fact that the illustration which the noble lord gave as to the marvellous conversion of duty-payable into duty-free cloths which took place in 1878 and 1880 had been dealt with very fully by the Bombay authorities. He thought that the objections with reference to the dividing line were not so strong as were objections to taxing the coarser cloths; and, balancing the two together, he said with hesitation, and with the knowledge communicated by the Governments of Bombay and Madras and the various chambers of commerce in India, that his own preference would have been to exempt from duty all yarns below 20's, and all cloths made from yarns below 20's, and to have levied a tax on everything above 20's. He thought that this would have removed all element of protection. He admitted that Sir James Westland did not agree with that view; but there was one point which they should not forget in this controversy and which he should like to commend to the attention of the House, to Lancashire, and Bombay as well. Sir James Westland said it would be seen that he had throughout dealt with this question on the assumption that the tax, whatever it was, fell on and was paid by the Indian consumer; much of the language held in Manchester would seem to indicate a belief that the tax fell on the producer. But Sir James could hardly believe that this view was seriously accepted by Manchester merchants, and he was quite sure that two years ago they would have rejected it as an economic heresy; this tax was paid, as all Customs and Excise taxes were paid, by the consumer sooner or later. It had been with great reluctance that he had been compelled by public considerations to take up the question, but they ought not to overrate and add to difficulties which did not really exist. His object was to make the burden on the Indian consumer as light as possible. If the Indian consumer bought Manchester cloth, he had to pay the excise duty. His policy was that the poor consumer who wore the coarser cloth, should not pay the duty. The yarns from which his clothing was spun were subject neither to customs nor excise. The decision at which the noble lord had arrived by alleging the impossibility of laying down a dividing line, had thrown this tax on all classes of the Indian people.

COLONEL MELLOR.

Colonel MELLOR felt bound to say a few words after the statement of the right hon. gentleman opposite. He thought he might speak with confidence on the matter from his long experience of the textile industry. He thanked the noble lord on behalf of all Lancashire, employers and employed, for the steps taken with regard to the import duties. The noble lord was undoubtedly placed in a very difficult position, and he faced it in a perfectly straightforward manner. He showed a grasp of technical points which certainly surprised a great many people in Lancashire, and he could not have come to a wiser, sounder, and juster decision. As to the difficulty of differentiating between coarse and fine cloths, he might state that in 1878, 1879, and 1880 his firm was largely engaged in manufactures for the Indian market, but a complete change took place in the nature of their products in consequence of the change of duties. The right hon. gentleman opposite might rely upon it that, if the plan he favoured was carried out, and there was again a differentiation, Lancashire would once more find means of evading the tax.

Mr. BHOWNAGGREE suggested that "substitute" would be a better word than "evade."

Colonel MELLOR said he would avail himself of the word "substitute." Reference had been made to the protection which the present arrangement afforded the hand-loom weavers of India. He, for one, thought that Lancashire weavers had nothing to fear from that protection. They did not believe that handloom productions could for long compete with power-loom productions. At one time there was an enormous production in Lancashire of hand-loom calico, but it had been displaced by power-loom calico. Hand-loom silk weaving had also almost entirely given way to power-loom weaving, and he believed the same process would come about with regard to the Indian products. But if it did not, who would be benefited? The poorest people on earth, to whom they did not begrudge the advantage. He believed these people made very little cloth for the bazaar, and he would be glad if they derived some little advantage from the change. He agreed that the first tax to be removed in India was the salt tax, but when the time did come they hoped and believed the noble lord would remove as early as possible these duties altogether—at a time when it would be advantageous to the finances of India and to the people and manufacturers of India and the manufacturers and operatives of Lancashire. The people of Lancashire had been accused of selfishness, but he was sure they did not wish to do anything to injure the people of India. After all, the 7,000,000 of hand-loom weavers of India were a small proportion of the 270,000,000 in India, and if they derived any comfort in their miserable lives from the change, by all means let them have it. He thanked the noble lord for what he had done in this matter.

SIR W. WEDDERBURN.

Sir W. WEDDERBURN thought the noble lord was quite entitled to congratulation on the Budget he had been able to submit, but at the same time he thought that although the surplus that was shown was very satisfactory for the Treasury, there were certain figures in the account which showed that the condition of affairs was not so satisfactory for the Indian taxpayer. He would specially draw the noble lord's attention to the peculiar use of two words in these accounts—namely, improvement and deterioration. These two words were used solely from the point of view of the interests of the Treasury. They were used in a sense exactly contrary to the sense in which they would be used if applied to the financial position of India. Under the head of improvement was shown new taxation. New taxation did not improve the financial position of India. It showed a deterioration in the condition of the people. If he drew his savings out of the strong box and put them into current expenditure, that was not an improvement in his financial position. Similarly if a shop-keeper took money out of his strong box and put it into his till, that was deterioration, not improvement. Therefore, it was because these accounts looked only to the interests of the Treasury and not to those of the taxpayer, that he contended that in many respects they produced a false impression. He could not, therefore, accept the comparisons made in these statements, and he would instead give a comparison between two years including a space of 12 years, which would enable the House to see whether the condition of India was improving or not. When the year 1884-5 was compared with the year 1896-7, it would be found that the natural increase of revenue from the development of resources was about Rx.9,000,000, and the saving in the commercial service debt Rx.1,000,000, making a total improvement of Rx.10,000,000. With regard to deterioration, he found an increase in the land revenue from enhanced assessments of Rx.500,000, new taxation Rx.6,000,000 loss on opium revenue Rx. 1,500,000, increase in civil services Rx.7,500,000, increase in military services Rx.8,500,000, reduction in Famine Grant Rx.1,000,000, making a total deterioration of Rx.25,000,000, or after deducting Rx.10,000,000 for improvements, a net deterioration in 12 years of Rx.15,000,000. The right hon. gentleman the member for Wolverhampton had laid great stress upon the question of exchange, but as regarded the present rate of exchange, so far from its being a burden now, there was actually an increase of Rx.1,500,000, so that that bugbear of exchange would no longer be put forward and they might look much more to the constant increase in civil and military expenditure. He thanked the hon. gentleman, the member for the Radcliffe Division of Lancashire, for what he had said about the salt tax and the willingness of the people of Lancashire to see the needs of the great masses of the people of India relieved before the question of import duties was touched. He recognised that feeling gratefully, and he only trusted that by careful economy, not only the salt tax might be reduced, but the import duties entirely abolished. He might mention to the noble lord the Secretary of State that the figures he had given were given according to the way in

which they were used in a very interesting article in the *Daily Chronicle* that morning, and the statements there were in accordance with the mode of reckoning the expenditure and revenue which had been often placed before the India Office.

MR. KENYON.

Mr. KENYON said that the complaint of the people of Lancashire against Indian Cotton Duties had always been that they were levied with injustice. He thought that the people of Lancashire had good reason to complain of the manner in which the right hon. gentleman the member for Wolverhampton had treated a deputation from them, which had waited upon him last year. The language of the right hon. gentleman had rather rankled in the minds of the Lancashire people ever since. It was contended that duties of this kind were always paid by the consumer, but when the duties were unjustly levied, the producers always suffered by it. The right hon. gentleman the member for Wolverhampton had referred to the report of Mr. Campbell, Collector of Customs, Bombay, in which he said that "There is more weight, at least in theory and in possibility, in certain of the objections taken by Manchester to the existing excise arrangements than either the Millowners' Association or the Chamber of Commerce admit." He went on to say: "That the difficulties in working the proposed exemption of yarns and cloth of 20's and under, and still more in taxing both yarn and cloth of 20's and over, are so grave as to make the proposal to tax cloth and exempt yarn the only practical solution of the question." He further said: "Reduction from 5 to 3½ per cent. takes from the objections all or nearly all of their practical significance." In a Report from the Upper India Chamber of Commerce, Cawnpore, there was a remark that bore very importantly upon the question of the supremacy of British Government. The Report stated: "And in finish and dye India cannot at present produce as good drills as England, but the difficulties are gradually lessening, and the moment Indian weavers and dyers attain the necessary skill, English drills must cease to be imported." The great authority on this question, and the most powerful movers in opposition to English goods, were the Bombay Millowners Association. They said that, if the Government were willing, both the English and the Indian manufacturers would be glad to have the duties abolished. They alleged that the Indian industry was penalised on stores, and lastly, and most important of all, that there must be decided protection given to handlooms. A better authority, than, he thought, almost anyone in that House, was the Ahmedabad Millowners' Association. Then there was another witness as regarded the handloom weavers, Mr. Playfair, who thought that if it were possible to extend help to this class, it would be but assisting a section of the community which had suffered much by the introduction of powerloom manufactures—a relief which should not be grudged. The hon. Babu Mohiny Mohun Roy thought that this change was not likely to affect the interests of cotton mills to such an extent as to render it objectionable. He thought the House would be satisfied that this arrangement of the noble Lord would not do any harm, and he was quite certain that the course he had taken in reducing the duty was far more equitable than the arrangement they had before.

MR. J. F. OSWALD.

Mr. J. F. OSWALD said, as one of the members representing Lancashire, he had sat out this interesting, animated, and exhilarating debate on the Indian revenues. (Laughter.) He thought that, as all the Lancashire members were in a congratulatory mood, he would take the liberty of offering his congratulations to the noble lord on the satisfactory basis that he had for the present settled with regard to the vexed question of the Indian Cotton Duties. The noble lord had found this to be a very vexed question during the late election last year. (Laughter.) He desired to ask the noble lord whether it was the fact that the full amount authorised to be expended upon railways in India had not been expended in the last financial year. If that was the case, he hoped that the full amount would be expended in future, because they attached the greatest importance to railways in India for opening up the trade of the country. He hoped, also, that he would do all that was possible in pushing forward the construction of the railway mileage which had been sanctioned.

MR. COHEN.

Mr. COHEN complained of the way in which the Government advertised the sale of Indian Bills, and stated that it enabled those who wished to do so to take advantage of the Indian exchequer.

LORD GEORGE HAMILTON.

Lord GEORGE HAMILTON, who was very imperfectly heard, said the general discussion had been so friendly that he had very little to answer. In regard to the question raised by his hon. friend who had just spoken, he was assured by his official advisers that the system was as good a one as could be devised, and one of the highest banking authorities in the United Kingdom had also assured him that that was the case. As to railways, it was intended that all the money voted for railways should be spent, and not only this year, but the same rate of expenditure would be maintained for the next few years. The complicated but important matter to which the hon. member for Bethnal Green had called attention was one to which the Indian Government were giving great attention. The change urged would involve great expenditure, but gradually the Indian Government were working in that direction. As to the tariff which he had substituted for that of the right hon. member for Wolverhampton in respect of the cotton duties, he did not think there would ever be peace on the question as long as there were differential duties. He reached his conclusions after consultation with the best authorities, and, curiously enough, Sir J. Westland arrived at just the same conclusion. Various suggestions had been made to secure economy. The Indian Government were doing their work well in controlling expenditure, and while they were doing that, the wisest thing which the House of Commons could do was to leave them alone. (Cheers.)

The following Resolution was thereupon agreed to and reported to the House:—

"That it appears, by the Accounts laid before this House, that the total Revenue of India for the year ending the 31st day of March, 1895, was Rx. 95,187,429; that the total Expenditure in India and in England charged against the Revenue was Rx. 94,494,319; that there was a Surplus of Revenue over Expenditure of Rx. 693,110; and that the Capital Outlay on Railways and Irrigation Works not charged against Revenue was Rx. 4,446,231."

August 14th.

HOUSE OF COMMONS.

THE INDIAN ARMY.

Sir H. HAVELOCK-ALLAN asked the Secretary of State for India, with reference to the debate last night on the Indian Budget speeches regarding the Indian army, whether he could state to the House that the Royal Commission presided over by Lord Welby would be directed, either during the recess or early next year, to take evidence about the officering of the Indian army on the points raised by some remarks recently made by Viscount Wolseley, Commander-in-Chief.

Lord G. HAMILTON: My hon. and gallant friend will see that a Financial Commission presided over by Lord Welby is hardly a proper tribunal for enquiring into the efficiency of the Indian army. I noticed what my hon. and gallant friend said last night. His observations were endorsed by Sir Henry Brackenbury, and I will gladly consider them; but, on the other hand, I must have regard to the financial consequences which they may entail.

ROYAL COMMISS ON ON INDIAN EXPENDITURE.

EXAMINATION OF WITNESSES BY MR. DADABHAI NAOROJI.

FULL EXTRACTS FROM THE OFFICIAL REPORTS.

In the Examination of Witnesses before Lord Welby's Commission, appointed to enquire into the Administration and Management of Indian Expenditure, Mr. Dadabhai Naoroji has consistently emphasised a particular point of view which is familiar to readers of his speeches and writings. It has, therefore, been found convenient, especially as Mr. Dadabhai Naoroji has been subjected to misrepresentation, to extract from the reports of the Royal Commission all those portions of the proceedings in which he has taken any part. It is hoped that, in this way, the economic considerations upon which Mr. Dadabhai Naoroj specially desires to insist may be presented to the public adequately and as a whole.

ROYAL COMMISSION ON INDIAN EXPENDITURE.

2nd day. Wednesday, 6th Nov. 1895.

Witnesses. SIR HENRY WATERFIELD, K.C.S.I., C.B., Financial Secretary at the India Office.

MR. STEPHEN JACOB, C.S.I., Controller and Auditor-General of the Government of India.

In the course of the examination of these witnesses upon the subject of Provincial Revenues, Mr. NAOROJI asked (Q. 715):

Would it not be desirable to ask Sir Henry Waterfield to supply us with a statement of all the additions to rates and taxes, of new taxation, and the enhancements of land assessments and consequent enhancement of provincial rates during 30 years?—Sir H. WATERFIELD: I suppose you are talking now of the increase of the revenue arising therefrom, both Imperial and provincial.—Mr. NAOROJI: If we have a direct statement of the increase—of the increase of rates, assessments, and so on—we will be able to judge much better than merely by an assertion?—Sir H. WATERFIELD: I am afraid it would be impossible in this country to give you a statement of the increase of revenue arising from new settlements.

716. Mr. NAOROJI: You can get it from India by next year?—Sir H. WATERFIELD: I do not know what means the Government of India would have of compiling such a statement. In every province there is a re-settlement constantly going on, and in 30 years every district will be re-settled.

717. Mr. NAOROJI: What I want is a statement of increase by the mere increase of prosperity and of increase by taking more from the people? Sir H. WATERFIELD: Yes, such a statement might show whether the Government is taking more from the people.

718. Mr. NAOROJI: It is very desirable that the Commission should be able to come to a correct judgment upon the point, because this has been two or three times mentioned just now, as to the margin that is owing to increased prosperity.

Sir W. WEDDERBURN continued the examination.

Mr. NAOROJI: This conversation makes it clear that it is very desirable that we should have something like detailed information. That I now ask.

736. CHAIRMAN: I think that question that Mr. Naoroji raises we had better discuss when we have Sir Charles Bernard?—Sir H. WATERFIELD: I think so; he will be able to tell you what can be done.

Later,

756. Mr. NAOROJI: There is another question that arises from the suggestion about the prosperity of the country, that we should have that note of Sir David Barbour's, in which he calculates the total production or income of the country, and then if we have similar calculations from that year to this, we shall then be in the very proper position of knowing whether there is really an increase of prosperity or not.

757. CHAIRMAN: What do you say would be the basis of the comparison?—Mr. NAOROJI: Sir David Barbour, I understand, has prepared a note in the year 1882, giving the total production of the country of British India per head, and if we have similar returns and calculations from that year to this, we shall then be able to clearly prove whether there has been really increase of prosperity or not. It would be a very important thing that that should be done?—Sir H. WATERFIELD: I am afraid that question of Mr. Naoroji's has already been asked in Parliament several times. It has been referred to the Government of India, who have said that it is impossible to prepare such a statement with any advantage.

758. Mr. NAOROJI: It is not impossible, because it is done. —Sir H. WATERFIELD: I said with any advantage.

759. CHAIRMAN: But, Mr. Naoroji, will not that question be best discussed with Sir David Barbour? If the Indian Government say that they cannot do it, Sir David would no doubt be ready to tell us on what basis he based his calculation?—Sir H. WATERFIELD: I am afraid it is hardly a matter for Sir David Barbour. Sir David Barbour was at that time in a comparatively subordinate position. He was an Accountant-General, and was deputed on a special duty, to endeavour to ascertain the incidence of taxation. He wrote a confidential memorandum on the subject. I do not know in what way the member of the Commission learned that there was such a paper. Oh, yes, I do know how he knew that such a paper existed, for it was alluded to in the financial statement, but it has never been published; and when Mr. Naoroji asked in Parliament whether a similar paper could be prepared, a reference was made to India for the purpose. The Government of India said that they were not prepared to stand by this estimate, which had never been adopted by the Government, nor were they disposed to have another inquiry of the same kind, for they felt that no good results would arise from it, and they declined to prepare such a report. I do not think, therefore, that it would be of much use for the commission now to ask for it again; the

Government have thoroughly considered it, and they have said that they could not do it with advantage.

760. CHAIRMAN: If we have Sir David Barbour here of course we can ask him upon what data he went when he made his former calculations, and whether he could make a similar calculation now?—Sir H. WATERFIELD: Yes, but he is not the officer who would have to make it now.

761. CHAIRMAN: No, but he might be able to find the same data, or similar data, now?—Sir H. WATERFIELD? You will be able to put the question to him.

762. Mr. NAOROJI: As to that statement not being used by Government, you remember that Lord Cromer actually used that statement in his speech, and based certain questions and conclusions upon that statement?—Sir H. WATERFIELD: You are quite right, he quoted one statement that was in it.

763. Mr. NAOROJI: So it is better that the Commission should know what it is, in order to be able to judge the real prosperity; otherwise there is a great deal said of that kind—that there is increase of prosperity—but we must have the proper data?—Sir H. WATERFIELD: Yes.

Later, Sir W. Wedderburn put questions regarding financial control and the appropriation audit.

1001. Mr. NAOROJI: When on account of the error in the estimates owing to the Afghan War, a committee was appointed here which recommended a certain scheme, and with regard to that scheme of a complete audit and so on, the Government of India said: "The organisation would certainly be far more perfect if the Auditor-General and his subordinates exercised no executive or administrative functions whatsoever. The question is mainly one of money. It is obvious that, if the Auditor-General and his subordinates were to carry out annually in detail an administrative audit of the whole of the accounts in all departments, a very large establishment would be required. The expenses of such an organisation would be so great that we think the idea may be at once set aside." So, then, in order to have this, what would certainly have been a very great improvement, or very important, has been set aside on account of want of money, has it not?—Sir H. WATERFIELD: The proposal was put aside on account of the expense.

1,002. Mr. NAOROJI: Then the Government of India proposed a certain reduced scheme instead, costing about a lakh and 53,000 rupees?—Sir H. WATERFIELD: Yes.

1,003. Mr. NAOROJI: Then, again, on the side of the Secretary of State, he did not allow it?—Sir H. WATERFIELD: Yes.

1,004. Mr. NAOROJI: He asked the Government of India to reduce that as well?—Sir H. WATERFIELD: He asked them to reconsider it.

1,005. Mr. NAOROJI: The Government of India then proposed 55,000 rupees?—Sir H. WATERFIELD: Yes.

1,006. Mr. NAOROJI: Even to that the Secretary of State for India objected, to a certain extent, and sanctioned 51,000 rupees, allowing Sir J. Westland a special allowance?—Sir H. WATERFIELD: Yes.

1,007. Mr. NAOROJI: Well, all this means, then, that if there were means, an improvement of this kind would have been very great, and it was only the want of means that induced the Government of India to ask that proposal to be set aside?—Sir H. WATERFIELD: I do not think that the Secretary of State ever expressed the opinion that the proposal for an independent auditor would necessarily be a great improvement. The Government of India having accepted the view of the minority of the Committee that it would be a great improvement, the Secretary of State said that he thought the expense prevented its being carried out, and they then considered what could be done.

1,008. Mr. NAOROJI: I am giving actually the words of the Government of India that it regarded it as important?—Sir H. WATERFIELD: The Government of India did accept it.

1,009. Mr. NAOROJI: And had they had means, they would have been glad to have carried it out?—Sir H. WATERFIELD: That was the view of the Government of India of that day.

1,010. Mr. NAOROJI: In this memorandum, at page 48, there is a table giving the number of officers and clerks, and the annual cost comes to about 60 lakhs of rupees?—Sir H. WATERFIELD: Yes.

1,011. Mr. NAOROJI: Now, suppose, Mr. Jacob, the Government gave you a free hand to devise a perfect scheme, so that without any difficulty about means you might go to all necessary expense, what do you think would be the cost of such a scheme over and above this 60 lakhs of rupees, just approximately?—Mr. JACOB: I should find it very difficult to give any idea offhand.

1,012. Mr. NAOROJI: 50 per cent., 100 per cent., or anything like it?—Mr. JACOB: I think the present audit is quite sufficient.

1,013. Mr. NAOROJI: The opinion of the Government of India, as I read just now, showed that had there been more money there would have been so much improvement and a more perfect audit would have been organised. As the want of money prevented them from doing that, still they have shown that if you had more money you would be able to devise a more perfect scheme, according to the view of the Government of India? Sir HENRY WATERFIELD: I have already said that I am not at all sure that that was accepted by the Secretary of State.

1,014. Mr. NAOROJI: I am not saying that it was accepted by the Secretary of State; I am only just saying that, as the Government of India gave us to understand that if such a thing could be done it would be desirable, but that want of money would prevent it, therefore let such a scheme be put in theoretically. Suppose the Government of India could have supplied and found the money, how much more would have been necessary, and instead of going to a matter of 55,000 rupees as a small addition, how much more would have been required to carry out what the Government of India thought a thorough organisation?—Sir H. WATERFIELD: They gave what would probably be the cost of the original scheme. I think that this is the lakhs and the 50,000 that you quote. They said that was the most that could be done. I think that is on page 18—1,53,168 rupees. That is the estimate that they made at the time, of the cost for carrying out the suggestion for an independent appropriation audit.

1,015. Mr. NAOROJI: In fact, they put the suggestion altogether aside, and suggested that a modest scheme to the extent of a lakh and 50,000 rupees would do for the present: that is what they would recommend?—Sir H. WATERFIELD; Yes, they said that the expense of such an audit in full detail would be so great that they thought the idea must be at once set aside. The plan they proposed was a reduced scheme costing a lakh and 50,000 rupees. Therefore, it is quite clear that, if the Government of India had desired a more effective audit it would have been very much more expensive.

1,016. Mr. NAOROJI: I am only giving the views of the Government of India myself?—Sir H. WATERFIELD: Of the Government of India of that day.

1,017. Mr. NAOROJI: I can only speak from what is put before me. Can you tell us how much of this 60 lakhs of rupees is paid to Europeans?—Sir H. WATERFIELD: Mr. Jacob may know.

Mr. JACOB: I could not say off-hand.

1,018. Mr. NAOROJI: We will have an approximation. Perhaps to-morrow some figures may be put in which will enable us to come to some approximate amount, whatever that is, be it 20 lakhs, or 30 lakhs, or whatever it may be?—Sir HENRY WATERFIELD: I will see if I can give you any figures to-morrow. I will make a note and see about that.

1,019. Mr. NAOROJI: Now, in a dispatch of the Secretary of State for India, dated the 17th July, 1879 (I do not think it will be necessary for me to refer to it), in the little extract which I read, the Secretary of State said:—"I have already expressed my decided opinion that the salaries to be appropriated to native gentlemen serving in their own country must, in justice to the taxpayer of India, be fixed at a lower rate than those which have been found necessary to attract the members of the existing Civil Service to leave their homes, and I think it desirable at once to lay down a clear rule on the subject. After mature consideration Her Majesty's Government has decided that the salaries to all native gentlemen appointed under the new rules, except probationers, shall not exceed two-thirds of the salaries assigned to English civilians." That is the Secretary of State's despatch. Now, supposing that the Government thought it desirable to increase that Indian contingent, there would be immediately a saving of $33\frac{1}{3}$ per cent., would there not?—Sir H. WATERFIELD: No.

1,020. Mr. NAOROJI: That is to say, for the same number of native officials appointed in place of Europeans. Supposing Indians were appointed, and their salaries were two-thirds what was being paid to English civilians, there would be a saving of $33\frac{1}{3}$ per cent. in their salaries?—Sir H. WATERFIELD: If appointed when vacancies occurred.

1,021. Mr. Naoroji: If appointed when opportunities should be made; I do not say, to appoint immediately?—Sir H. Waterfield: I thought you said, immediately.

1,022. Mr. Naoroji: Without any prejudice to existing interests if the Government of India carried on a scheme by which the English Civil Servants were displaced and their places taken by native gentlemen, according to this standard (which might still be further reduced) there would then be a saving of 33⅓ per cent. in money, so the Government of India would have at its disposal 50 per cent. more servants than it has at present, would it not?—Sir H. Waterfield: If the officers were appointed on two-thirds of the existing salaries, and were equally efficient, there would be a saving of one-third.

1,023. Mr. Naoroji: Then there would be this other effect of it, that whatever is paid to the Indian servants remains entirely in the country, and in point of fact does not affect the total wealth of the country. Is it not so, just as it is here? £2 11s. 8d. are drawn per head from the people here for the purposes of State, but all that returns to the people, and therefore the fund from which the State can derive its wants is always full, as it were—the ocean kept filled by rain or river—so that the Government is able to draw as much as may be absolutely necessary. That would be the effect if the Indian Civil Service was so much Indian?—Sir H. Waterfield: If the money is spent in the country it remains in the country, and it is conceivable that it might be taxed.

1,024. Mr. Naoroji: That would therefore increase, or rather preserve and enable the people to increase the fund from which the Government has to draw for its own purposes; of course any waste or extravagance is quite a different thing. Now there is another question. Can the administration and management of the expenditure of any individual or of any people be more satisfactory, or can it be effected in a more responsible manner than by that individual or that people. Supposing they had the administration and management, or at least a potent voice in the administration and management, of that expenditure?—Sir H. Waterfield: It depends very much on the character of the people, I should say.

1,025. Mr. Naoroji: If I am to spend my own money, I shall certainly be more careful how I spend it than if I spend for somebody else, to whom I am entirely irresponsible, and have also an interest in the expenditure, and I will not give the same anxiety to see that the expenditure for another person is not more, or not unnecessary, or that it is as much as is absolutely necessary. That is only natural?—Sir H. Waterfield: I do not think I can admit that. Many a man cannot be trusted with his own money; someone else will look after it better for him.

With reference to the discussion on the Indian Budget in the House of Commons:—

1,130. Mr. Naoroji: Can any member of the House of Commons at all propose any motion to reduce any item in a budget when that budget is brought forward, or is it simply a form that such and such has been the budget adopted? Can any member propose a motion that a certain item, say the salary of the Viceroy, should be reduced by 5,000*l.*?—Sir H. Waterfield: The motion which is proposed is simply a formal record of the accounts. A member can bring forward a motion that some expenses in India ought not to be allowed, but that would be a distinct motion.

1,131. Mr. Naoroji: That is when the Speaker leaves the chair to go into Committee?—Sir H. Waterfield: On the motion to go into Committee.

1,132. Mr. Naoroji: But on the Budget itself we cannot propose any amendment to any item in the Budget itself; it is simply a record of a fact, that such and such are the accounts?—Sir H. Waterfield: The resolution which is finally proposed is simply a record of facts.

1,133. Mr. Naoroji: Then I may ask another question. I think I understood you to say that the proposal made in 1882, or the suggestion made in 1882, was somewhat different from that which was ultimately regarded by the Government of India as satisfactory; that there was a difference between the proposal made in 1882 and 1888?—Sir H. Waterfield: Certainly, the Government of India in 1889 thought the proposal made in 1882 too expensive.

3rd day. Thursday, 7th November, 1895.

Witness. Mr. A. R. BECHER, Deputy Accountant General, Public Works Department of the Government of India.

In the course of examination upon the work of the Public Works Department, Mr. Naoroji asked (Q 1,642):

Can you give me some idea of the amount of pay and allowance made to Europeans in your Public Works Department?—I am afraid I could not do so off hand.

1,643. You could give it, I suppose?—It could be compiled.

1,644. And you know also that the rule of the Secretary of State is that if an Indian is employed instead of a European, he should be paid not exceeding two-thirds of the salary; perhaps you know that?—Yes.

1,645. And supposing an arrangement were made to employ Indians in place of Europeans, there would be, in the first instance, a saving of 33⅓ per cent.; is it not?—One third.

1,646. Or in other words there would be a capacity to employ one-half or more as much service as is employed at present; and would it not have another effect also, that all that is paid to the Indian will remain completely in the country, and will keep up and preserve the fund from which Government can draw its own wants as necessary?—Well, I should rather doubt that.

1,647. It is a simple economic question. There is nothing to doubt?—Natives of India at present spend a good deal of money in England just as the Europeans do.

1,648. I am talking of the Indians—that whatever is paid to them is kept in the country and remains in the country; it returns to the people themselves. That is only a simple fact that does not require any doubt or argument. As the present inquiry, Mr. Chairman, is specially for account and audit as a compartment by itself, I do not think I would go any further into this matter of the apportionment.

Witness. Sir CHARLES BERNARD, Secretary of the Revenue Department at the India Office.

1,785. Mr. Naoroji: From the evidence yesterday, it was suggested that the increase in the revenue was owing, to a large extent, to increase of prosperity of the people. I have asked Sir Henry Waterfield if he could supply us with a statement of all the additions to rates and taxes, all new taxation, the enhancement of land assessments, and consequent enhancement of provincial rates during thirty years or during any period. Till we have that information before us, we can hardly judge properly whether an increase is owing to the additional levy or additional prosperity. Can you supply us with this information; because I was referred to you as being the best person who would be able to say whether it can be supplied or not, either now or afterwards, from the Government of India?—It will be possible to say, after a time, how much increase of land revenue is due to revision of settlement. Is that the question?

1,786. Increase of all revenue owing either to increase of taxation or increase of assessment; that is to say, increase by levying instead of the increase of the prosperity of the people?—Of which revenue do you speak?

1,787. The whole revenue; because that was urged here that the increase of revenue proved that the people were more prosperous, and this matter would be cleared up if we knew exactly the whole of the information. That was the reason why I put this question?

Chairman: Must we not, Mr. Naoroji, at the present time, confine questions to the increase of taxation rates under the heads which are affected by the table that Sir Henry Waterfield put in? You see, your question would refer to the whole scheme of taxation.

Mr. Naoroji: Yes.

Chairman: Before we go into that subject it would be necessary, I think, to consult the Commission as to how far it lies within the scope of our inquiry.

Mr. Naoroji: Yes.

Chairman: I think where a witness puts before us in proof of the beneficial result of a financial measure certain figures, that there, and within the limit of those figures, we have got a right to ask whether any changes in taxation have taken place affecting that result which ought to be borne in mind as modi-

fying the general result shown by those figures; but I think we must confine ourselves to the items shown in that table.

Mr. NAOROJI: I am quite willing to confine myself to any portion that you may direct. Therefore, I will only say that the general conclusion should not be admitted, that increase of revenue is owing to the increase of prosperity, unless we have distinct information to show that.

CHAIRMAN: I think Sir Henry Waterfield when he spoke was confining himself to his own table, and that table is the one at 679.

Mr. NAOROJI: Then, therefore, even as to that table, even to that partial extent, we should have information as to what is known.

CHAIRMAN: I think on that point, and up to that point, you are entitled to ask questions. If you go beyond that point I think we must consider whether it lies within our scope.

Mr. NAOROJI: I do not want to go on at present. Simply because it was proposed here, and therefore I said it.

CHAIRMAN: Then, if that be the case, your question would be modified in this respect, would it not? That you would ask Sir Charles Bernard whether, over a certain period of years, he would be able to tell you what changes of taxation had taken place in the heads of revenue to which that table refers?

Mr. NAOROJI; To that extent then we will limit it, if it is so limited and so understood.

1788. CHAIRMAN: Quite so. Then now we should hear what Sir Charles Bernard thinks on that point?—SIR CHARLES BERNARD: I think it would be very difficult to make such a table as Mr. Naoroji requires—of course it could be attempted. I do not know whether reference to India would be necessary or not—probably it would. It would be very difficult to do it.

Mr. NAOROJI: If that is not done, then all I can say is, nobody is justified in drawing conclusions that the increase in the revenue is the proof of the increase of the prosperity, because, on the contrary, the position of the political condition of India, and its political drain in the employment of Europeans, notwithstanding the increase of revenue in any particular Department, would not at all prove that the people are prosperous. The people may be deteriorating, on the contrary, which is just possible.

1,789. CHAIRMAN: Perhaps, Sir Charles Bernard, with regard to that, you could communicate with us next week, and tell us whether any method occurs to you of giving the increase upon those branches?—SIR CHARLES BERNARD: What was the number of the question?

Mr. NAOROJI: The number of the question is 715.

CHAIRMAN: The table upon which this discussion arose is in Question 679.

Mr. NAOROJI: Then, in the course of further questions, I asked for the production of a note prepared by Sir David Barbour.

Sir ANDREW SCOBLE: I thought that it was settled that Sir David Barbour was to be asked about that.

1,790. Mr. NAOROJI: I asked this question, and then I was referred to Sir Charles Bernard, that I should ask him; and I will put it in another form, because we know that in one of the financial statements Lord Cromer said this:—

"It has been calculated that the average income per head of population in India is not more than 27 rupees a year, and though I am not prepared to pledge myself to the absolute accuracy of a calculation of this sort, it is sufficiently accurate to justify the conclusion that the tax-paying community is exceedingly poor. To derive any very large increase of revenue from so poor a population as this is obviously impossible, and, if it were possible, would be unjustifiable."

Now, I am not going to discuss that. I only wanted that we should have here a copy of the calculations by which Lord Cromer came to this result supplied to us, and if with that calculation of that particular year—1881—or whatever it might be, if we should have any similar calculations for succeeding years, we should then be in a position to see whether the condition of the people or the prosperity of the people was in any way increasing or diminishing the average per head. Now, I do not suppose there can be any difficulty in getting the calculations from the Government of India, for they actually exist in the records; would there be?—SIR CHARLES BERNARD: I think, a somewhat similar question was asked in Parliament, was it not?

1,791. Yes—And I think the Secretary of State gave a reply.

1,792. Yes, but that reply was unsatisfactory, and I want the information here?—I cannot presume to add to the Secretary of State's reply.

1793. The reply of the Secretary of State was unsatisfactory, and that is the reason why I ask you whether—the thing exists—any public records can be produced here to enable us to judge fairly what the real condition is. All I want is that there is a public record which throws light upon a very important question which we will have to discuss here, and that therefore this record will be of very great use?—I think, sir, if I may say so, that that question repeats what was put in Parliament one or two years ago, and which was answered by the Secretary of State, and I have nothing to add to the Secretary of State's answer.

1,794. What I want here is your answer for the Commission; whatever it is, let it be recorded on the Commission's reports?—I shall be happy to look up the Secretary of State's answer and submit it.

1,795. Why should it not be supplied?—I shall be happy to look up the Secretary of State's answer and submit it, but I cannot go beyond it.

CHAIRMAN: Mr. Naoroji, you will recollect the conversation that took place yesterday. You will see that the witness is put in rather a difficult position. When the Secretary of State has made an answer, it must be clear that the officer of the Secretary of State can hardly go beyond that answer. There was a solution suggested for the moment. This was a calculation made by Sir David Barbour; as I understood it, it was not a calculation for which the Government of India would be responsible?—SIR CHARLES BERNARD: That is so.

CHAIRMAN: And that being the case, I thought we suggested, and I rather thought you, Mr. Naoroji, accepted the suggestion at the time, that we should reserve the question till Sir David Barbour comes, and that he was the proper person, as he made the calculation, to discuss the matter with.

Mr. NAOROJI: Yes, but then as it is said that the Government of India is not responsible for it, and that is the reason why I am obliged to put it in this form that the Government of India is responsible for it, because they have actually used this in an argument in a certain financial speech, and that, therefore, they have made a public use of that calculation that we ask the Government of India to produce it. That is my position.

CHAIRMAN: You are quite entitled to ask the question, but I would submit to you that the witness could not give any other answer.

Mr. NAOROJI: But I am afraid Sir David Barbour would say that he was a subordinate, therefore he did work for the Government, over which he has no control; he can give no information.

CHAIRMAN: We shall hear that from him.

Mr. CAINE: Surely, my lord, if the Government of India have repudiated this document, that particular document becomes Sir David Barbour's property. If he chooses to put it on the table of the Commission, he can do so. I think we had better wait till he comes, and ask him to lay it on the table of the Commission.

Mr. NAOROJI: The question cannot arise; the Government of India has used that document.

Sir WILLIAM WEDDERBURN: Is it a confidential document? What is the nature of the objection, can you state, to producing it?—Sir CHAS. BERNARD: I cannot go beyond what the Secretary of State said.

Mr. NAOROJI: Perhaps the Secretary of State's answer may be brought here, and then we shall be able to see a way out of it.

CHAIRMAN: The witness has already alluded to the Secretary of State's answers, and perhaps the best way would be that he should put them in. I think that would be quite sufficient so far as the witness is concerned (*see at the end of evidence*).

1796. Mr. NAOROJI: Then there is another matter on the same subject. A correspondence has taken place between me and the India Office, or the Secretary of State for India, in the year 1880, beginning with my letter dated 24th May, 1880, and I should like you to say, if you can, whether that correspondence can be put here, because it is upon the same subject, and it would throw much light, as actual discussion has taken place between the Secretary of State and myself on this question of prosperity or adversity.—Sir CHAS. BERNARD: Was not the request for the correspondence also made to the Secretary of State some time ago?

1797. Mr. Naoroji: Not in Parliament, I think?—Sir Chas. Bernard: By you: did you not ask for it?

1798. Mr. Naoroji: I asked from himself.—Sir Chas. Bernard: And what was the answer?

1799. Mr. Naoroji: His answer was that it was antiquated, or something of that kind; I do not remember. If you will bring the answer we will deal with it.—Sir Chas. Bernard: I cannot go beyond the Secretary of State's answer on the point.

Mr. Naoroji: Then if you will bring that answer we will see.

Paper handed in in consequence of Question 1795.

Answer sent to Mr. Naoroji, M.P., on 29th March, 1893.

The Secretary of State, having consulted the Government of India, does not think it expedient to present the note prepared by Sir D. Barbour in 1881. It is now partially out of date, while some of the opinions it contains are necessarily of a speculative nature, and, if published now, might be misleading.

Answer given in Parliament to Mr. Naoroji, M.P., 27th April, 1893.

To the first part of my hon. friend's question my answer is in the affirmative. There is reason to think that Major Baring's statement had reference to the confidential note described by my hon. friend. The information upon which that estimate was based is from 13 to 23 years old, and the Secretary of State thinks it inexpedient to present to Parliament a statement which is now so much out of date. He has consulted the Government of India, who concur with him.

Answer given in Parliament to Mr. Naoroji, M.P., 5th May, 1893.

For the reasons given on the 27th April, the Secretary of State is unable to lay on the table the confidential note to which my hon. friend refers.

Answer given in Parliament to Mr. Naoroji, M.P., 4th April, 1895.

Considering that the statement to which my hon. friend refers was confessedly founded upon certain data, and that any similar calculation which might now be made must be founded on equally uncertain data, and might probably be misleading, the Secretary of State is unable to agree to my hon. friend's motion.

Fourth Day. Tuesday, 12th November, 1895.

Witness: Sir DAVID MILLER BARBOUR, K.C.S.I., formerly Finance Minister to the Government of India.

After Sir David Barbour had been examined at length by the Chairman and other Commissioners, Mr. Naoroji proceeded to put certain other questions.

2276. Mr. Naoroji: Do you remember Major Baring, now Lord Cromer, having said in 1882:—"It has been calculated that the average income per head of population in India is not more than Rs. 27 a year; and though I am not prepared to pledge myself to the absolute accuracy of a calculation of this sort, it is sufficiently accurate to justify the conclusion that the tax-paying community is exceedingly poor." I understand that the calculation by which this result was brought about was done by yourself?—Yes, I did make a calculation of that sort.

2277. That calculation is now in the possession of the Government of India?—I imagine so.

2278. It is not in your possession?—It is not in my possession.

2279. You cannot produce it?—If I had it, I would not produce it without the permission of the Secretary of State.

2280. Sir William Wedderburn: But you can make the calculation over again?—I am afraid I could not, because I have not the materials.

2281. Mr. Naoroji: With the same data anybody else can?—With the same data. But I will explain how that calculation came about. I was engaged in making certain inquiries for the Government of India, and in the course of those inquiries I had to make use of data collected by the Famine Commission as to the produce of the different provinces; and about that time Sir Richard Temple read a paper before the Institute of Bankers in which he calculated the average income per head of the population of India, and he used the results given by the Income Tax in the two countries, and he calculated that it was Rs. 10 a head (I am speaking from recollection)—that the income of the people of India was Rs. 10 a head; and as I had then certain data at hand, I thought that I would make the calculation (the Government did not ask me to do it) and see what result I should arrive at and compare that result with Sir Richard Temple's figures. My calculation worked out 27 Rs. a head; so that there was considerable difference in the result of the two calculations. Of course if you ask me what value I attach to that calculation, for practical purposes, I can only say that I do not attach much value to it; but that result, Rs. 27 a head, is not inconsistent with what I know of the general condition of the people of India. If you will take it from me, the money incomes are extremely small; there is no question about that. Various men have calculated the money income for different countries, England, Ireland, and elsewhere; but I look with hesitation on these calculations, and I look with still more hesitation on the result of my own calculation for India, because I had not sufficient data. If anybody wants to convince himself that the income of the people of India is small—the average income per head of population—and will look first of all at the tables of wages which, I think, are published by the Indian Government, and then look at the results of the Income Tax in India, he will satisfy himself that the money income of the people of India is very small indeed. I know of that being the fact: but as to the Rs. 27 a head, whether it is a little lower or a little higher than it ought to be, I certainly cannot pledge myself.

Questioned by several other Commissioners as to the condition of the Indian people, Sir David Barbour stated that they were "very poor" and described them as a "most frugal and economical people." Mr. Naoroji proceeded:

2293. What I want to know is whether this calculation exists in the records of the Government of India or not?—No doubt it exists somewhere.

2294. And it can be produced by the Government of India?—I suppose if they like to produce it they can. I have no objection: I am perfectly prepared to be examined on it; but I think you will arrive at the conclusion that the income of the people of India is very small without getting that; I have no doubt about it.

2295. I have not been satisfied with this calculation of 27 rupees. I myself have made a calculation, as perhaps you are aware, and I came to the conclusion that the average income is 20 rupees. Now that made a very great difference, and I asked Major Baring to let me see the other calculation, because I know where the mistake was likely to be made. I still wish that the Commission would ask for and obtain that calculation?—I have nothing to do with the report; it is the property of the Secretary of State, and of course as regards different men arriving at different conclusions, as I say Sir Richard Temple, who also had a great deal of information on the subject, arrived at ten rupees a head; and that shows that these calculations must be received with reserve.

2,296. We will make the necessary reserve for them, but we should have the opportunity of examining them. Now the next thing I want to ask is—we have heard a great deal about the weakness of Indian finance, and how difficult it is to make both ends meet, and so on; I now put down the question whether a portion of the expenditure administered and managed by both Governments—the Secretary of State and the Government of India—is incurred on behalf of Europeans?—Yes, a considerable portion.

2,297. For every European employed a native is deprived of what, under ordinary circumstances, would have been a comfortable living for him in his own country, as is the case here?—I am not sure about that.

2,298. Is not one native Indian displaced wherever an European is placed? Take, for instance, a Judge of the High Court of Calcutta. If he is an European, he displaces an Indian; a native would be there if it were not for the European?—On the other hand if there were no Europeans in India there might be no High Court in Calcutta.

2,299. I am not now entering into the question of the merits of the employment—English or native—I am only asking the economic question whether it is not a fact that the European displaces the Indian who would have got that place?—No

doubt, other things being equal, if an European is employed there is a native unemployed.

2,300. As to the policy and the merits of it, that we shall discuss at some other time. Now, besides that—that loss which arises through the European displacing the Indian—there is also this, that whatever the European wants in this country, or whatever pension he draws in this country, and everything that is spent in this country out of the revenues by the Secretary of State for India, is so much an annual drain from that country, is it not?—Well, it is money earned in the country and spent out of it no doubt.

2,301. And in the whole arrangement of the Budget and of expenditure the Indians themselves have no voice whatever?—Of course, they have no direct and immediate voice; but there is no doubt that the Government of India does pay a certain attention to public opinion in India; every Government does.

2,302. But they have no direct voice in the matter?—No direct voice as far as I can see.

2,303. By the Act of 1861 (19), without the permission of the Governor-General no member can introduce any measure (which virtually amounts to exclusion) about matters affecting the public debt or public revenues or for imposing any charge on such revenues, or the discipline and maintenance of any part of Her Majesty's military or naval forces. This means that, so far as the spending of our money is concerned, the Legislative Council is simply as if it did not exist at all?—I do not think the Legislative Council, as it is now constituted, has no influence, but it has not much direct influence upon expenditure.

2,304. The Legislative Council is of course the primary source and the authority for expenditure. It is in the Legislative Council that the Budget of India is settled?—No, it is not passed in the Legislative Council.

2,305. It is first passed by the Executive Council, and then it is legalized?—No, it is never legalized at all. It is merely read and discussed.

2,306. Then it is so much stronger on my side—the Legislative Council has no voice?—It has power of discussion. The Budget is read in the Council, and they may discuss it, but they have no other power, and if you ask me I tell you it would be impossible to give it the power of interference.

2,307. That is a different thing. I only wanted to say that the people have no voice whatever in it. All things which shall be done by the Secretary of State shall have the same force and validity as if this Act (1861) had not been passed. This gives full arbitrary power to the Secretary of State to spend what money he likes from the Indian Revenue?—I should not say it was quite arbitrary, but no doubt the control of the Indian Revenues is entrusted by Parliament to the Secretary of State.

2,308. Then by the Act of 1892: No member shall have power to submit or propose any resolution or to divide the Council in respect of any such financial discussion, or the answer to any question asked under the authority of this Act or the rules made under this Act. You have already answered that the Legislative Council have no power whatever?—Only the power of discussion; no power to interfere with it directly or indirectly.

2,309. I do not suppose this country would submit for a single day to that system of government?—They have been accustomed to something very different.

2,310. Sir Henry Fowler has said that in this country the people pay taxes for the expenditure on State purposes at the rate of 2*l.* 11*s.* 6*d.* per head per annum. In India 2*s.* 6*d.* taxes are paid. Well, when you take the revenue really, it is more than 2*s.* 6*d.*?—Possibly; it is not very much.

2,311. Now the whole of this 2*l.* 11*s.* 6*d.* returns to the people in this country; it comes back in expenditure to the people themselves?—I suppose the greater portion of it does.

2,312. It cannot go anywhere else?—There might be some expenditure abroad.

2,313. Abroad, yes, but that is very insignificant. I am talking of the ordinary expenditure. If that sum were allowed to India the production of the wealth of the country, from which the State has to draw, would not be impaired, but, on the contrary, as in this country, there would be increasing prosperity, and not only greater trade for British produce, but the State would be able to raise large revenues as it does here, because the fund from which the revenue is raised would remain intact in the country?—I think you exaggerate the value of that. I do not think if the Government raises 100,000*l.* in this country, and spends it in this country, that the wealth of the country remains the same as before, by any means.

2,314. It does not go out of the country?—No, but the thing which was purchased with that 100,000*l.* goes out. Whatever was purchased with that 100,000*l.* goes out of it, it is consumed.

2,315. But that is enjoyed by the people themselves, whatever is purchased?—I do not think if the Government raised 100,000*l.* to buy steel rails that, if they purchased them abroad, the country would have lost 100,000*l.* I think the country might be said to have lost the profit on the transaction, something like that—a small per-centage of it.

2,316. Mr. Caine: And the wages?—The men who would have made those rails which sold for £100,000, would, we must assume, turn their hands to something else.

2,317. Mr. Caine: They might be out of work; however it is not worth while discussing.—It is not a question of losing the whole of the money—there is a loss, but it is of what you call the profit; it is a per-centage of the total.

Chairman: Are we not getting somewhat outside financial machinery in this last question. I do not want to suggest that you should stop if there is any point that bears fairly upon the branch with which we are now dealing; but do not you think the question you are putting is as to what happens under a certain system of policy?

Mr. Naoroji: Yes. If I am able to go into other branches afterwards I am quite willing to stop here and ask no more questions. We shall have an opportunity of examining Sir David Barbour again on other branches.

Chairman: Of course we know that what we have to take up next is the progress of expenditure, and it will be a question then as to whether the progress of expenditure includes methods of raising money. The only point to which I draw your attention now is that we are now actually engaged upon the machinery of finance, and it struck me that your questions were getting a little bit outside that subject.

Mr. Naoroji: My question arose from this circumstance, that we had just now said two or three times something about the weakness of the finances of India, and naturally, therefore, I wanted to point out one particular weakness which is at the very bottom of the whole difficulty, and, if that can be disposed of hereafter, of course I have no objection to postpone these questions; we shall leave them without committing ourselves, of course.

Chairman: You will admit with me that we should confine ourselves now to what bears upon financial machinery.

Mr. Naoroji: I may also say that the weakness of finance may possibly not be fully discussed from the finance question being discussed without inquiry being made.

Chairman: I think I could not commit myself to say that a certain line of evidence will come hereafter absolutely within our instruction; but that would have to be considered. I think we shall agree that at the present moment this line of evidence does not bear upon the branch of enquiry we have got now before us.

Mr. Naoroji: I am quite willing to abide by your ruling.

Sir David Barbour: In case there should be any misapprehension I might mention that what I referred to was the weakness of the system for the control of expenditure and not the weakness of the finances or the inability of India to pay its way, the latter is a separate question.

Mr. Naoroji: I rather understood it was the weakness of the finances on account of the peculiar unstableness and unsteadiness of the finances. Then I will postpone that. Then, also, in the same way, the apportionment of charges is a future consideration.

Chairman: That will be a distinct subject.

2,318. Mr. Naoroji: That will be a distinct subject altogether. It was said here, I think, that the Government of India was to be considered as analogous to the House of Commons in respect of audit. Is not the independent audit to the House of Commons a distinct check on the disbursement of the Executive Departments, and the report to be made to a higher authority, namely, the House of Commons?—Sir D. Barbour: I am not sure that I caught the question exactly. Perhaps you would repeat it.

2,319. The independent auditor here reports to the House of Commons, while the auditor in India reports to the Government of India, and it was said that the Government of India was analogous to the House of Commons. Now, is there not this difference—that the House of Commons is a body that represents and draws its authority from the people of the country, while the Government of India is only an executive

body, like the departments here?—I think, when I said that the Government of India represented the House of Commons in this case, and stood in an analogous position, I meant that in the one case the House of Commons sanctioned the expenditure, and that in the other case the Government of India sanctioned the expenditure, and that so far as the sanctioning of the expenditure goes, the position was analogous. I never meant to say that the Government of India was elected by the people of India.

2,320. Then the consent of the House of Commons for the expenditure does not mean that it also is the executive body which carries out the expenditure, but it is the department of the Cabinet which is the executive body?—I understand the House of Commons is not the Executive body that carries out the expenditure.

2,321. So the report and audit made to the House of Commons is distinctly a report to a higher authority than the executive body?—Higher than the body that administers expenditure; yes it is.

2,322. While in the case of India the audit is reported only to the executive body itself?—I do not quite agree to that. It is reported to the Government of India.

2,323. To the Government of India and to the Secretary of State, which are both executive bodies?—The Finance Department is hardly an executive body. It is possibly as regards some matters, but not as regards most.

2,324. Would it not, therefore, be an improvement that there should be in some shape or another, as has already been suggested by Sir William Wedderburn, an independent audit, and an independent committee in Parliament which should consider Indian affairs so as to make the House of Commons familiar with the necessities of Indian affairs?—I do not think that an independent audit is necessary. I may be mistaken, but that is my opinion. If there were some means by which members of the House of Commons, or a certain number of them, made themselves familiar with Indian expenditure, and could give information to the House upon the subject, that would undoubtedly be a good thing; I assent to that general proposition.

5*th day*. *Wednesday*, 13*th Nov*., 1895.

Witness. SIR HENRY WATERFIELD, K.C.S.I., C.B.

The examination of the witness having been directed to the question of "the average rate of exchange," Mr. NAOROJI said:

2,620*a*. I wanted just to understand that a little more clearly. We will take just one year, 1889-90, and the average rate is put down at 1s. 4·566d. Is that average taken by simply adding up the rates of all the 52 weeks and dividing by 52, or is it the average after taking into account the amount actually sold?—It is the average obtained by taking the total amount of bills sold throughout the year, and dividing that by the sterling amount received in respect of those bills.

Later,

The CHAIRMAN asked if the witness had any further explanation to offer with regard to the question raised by Mr. Naoroji, as to the saving that might accrue from the employment of natives of India instead of Europeans under certain circumstances, whereupon Mr. Naoroji proceeded to examine the witness as follows:

2,639. Mr. NAOROJI: There is some misunderstanding about what I mean. I just took the Europeans and their salaries, and said that if Natives were appointed in their place to rise to higher salaries of Rs. 500 and upwards, they could be appointed, or should be appointed, in justice to the tax-payer, at two-thirds the salary. Well, wherever such an appointment is made, there will be a saving of one-third – that is what I mean. I do not know how it has worked out, and of course I cannot say anything more about it than that there is some misunderstanding about what I said. Taking, say, the whole Civil Service by itself, the Uncovenanted Civil Service and all the higher pay officials, if any number of European officials were displaced by Indians, and these Indians were only paid two-thirds of their salary, the saving, therefore, would be one-third of those salaries?—Your question referred to the Account Department.

2,640. That particular department, yes. I took in that particular department, and the European portion of it?—The two-thirds scale of salary to which you refer has been adopted in regard to the natives in the Covenanted Civil Service.

2,641. In the statutory service?—In the statutory service, I should say. The exact two-thirds has not been adopted in fixing the scale of pay for the provincial service, but approximately it is so. The salaries for the provincial service are fixed at a scale which is about two-thirds of that which is paid to the imperial service. My point is that that provincial scale has already been applied largely in the account department, that the Europeans who are employed there, and the natives, draw the same scale of pay, and therefore that no reduction can be anticipated by substituting native for European agency. That remark does not refer to the few European officers at the head of the department, who undoubtedly are drawing more than natives would in their places, and to that extent I have allowed for a possible reduction, although I do not think it would be effected in practice.

2,641*a*. Mr. NAOROJI: Well, I will not go further at present, because I say that there is some misunderstanding. I am only talking of those Europeans who are paid on the European scale of salaries?—Yes.

2,642. And if Indians were placed in their places, they would receive so much less?—Yes.

2,643—4. That is only one element of saving, where the European is paid at the European scale of salary, while an Indian substituted for him would receive two-thirds. That is all I mean. I see your point, but you must not suppose that on the 60 lakhs in the accounts departments, anything like one-third could be reduced by the substitution of native agency for Europeans.

2,645. I do not say that it could be reduced. I only wanted to direct attention to the rule of the Secretary of State, to show that if the rule is enforced in all the higher departments, there will be so much saving?—Yes.

2,646. Have you made a calculation regarding what you stated just now, giving the details of how you worked it out, or only the statement?—I have only given the calculation for what it is worth. If you wish to have it accurately, we must refer to the Government of India.

2,647. I mean this particular statement that you made just now, in which you calculated that the difference would be only so much?—Yes, I have not put in the details.

2,648. Perhaps you can supply me with the details by which you made this out?—If Mr. Naoroji would allow me, without troubling the Commission—it is a very imperfect calculation—I will show him how I arrived at my figures.

2,649. That is all. I do not want to trouble the Commission with all these details. That is all I mean?—I will do that.

6*th day*. *Friday*, 15*th Nov*., 1895.

Witness. SIR AUCKLAND COLVIN.
formerly Finance Minister of the Government of India.

During the course of the examination of this witness Mr. NAOROJI, addressing the Chairman, said:

I want a little explanation from you, my lord. I understand from our conversation last time that we are at present considering the system or method, or mechanism, rules and regulations and powers and control of auditor, accountant and Finance Minister, but the question of the character and efficiency of that expenditure with its economical and financial or other effects, and the persons or the motive power which carries out this whole mechanism has to be deferred?

CHAIRMAN: I think what we have said was that we would deal first of all with the mechanism of the administration. The question of the progress of expenditure forms a separate branch which could be more conveniently taken at the second series of sittings.

Mr. NAOROJI: That would include the expenditure on the manning, and the whole personnel of the service, and so on—the whole expenditure, in fact?

CHAIRMAN: When we come to the progress of the expenditure,

if you are desirous of raising the question as to whether we can go into grievances, the Commission will have to settle the points at the time. I do not think that grievances come within the purview of our enquiry. But at all events that would not form part of the machinery of administration as I understand it; now we want to get the mechanism.

3197. Mr. Naoroji: It is the mechanism we want to get at. Now, I will only put one question as regards the difficulty of finance, and so on. Is it not a great weakness in finance that, as in this country, the people or taxpayers in some suitable way have no direct interest or voice in finance?—Is it not a weakness in finance, do you say?

3,198. Yes, if the people had any direct voice and direct interest in the settlement of the finance and the expenditure of everything, would it not be a great strength to the Finance Minister? while at present, having no such support of such interest from the people themselves, it is a great weakness in the finances?—It is difficult to answer the question in that form, quite. It might be a weakness or it might be a strength to him.

3,199. Consent of the people is the great strength of the Chancellor of the Exchequer?—So far as he could obtain the opinions of the people, and use them in support of his views, it would be a source of strength to him.

3,200. But it is not merely the opinion of the people expressed outside, but some direct voice, some representative of the taxpayer in the Council, who can actually give a voice as to any particular expenditure. At present the budget is entirely the result or the work of the Executive; the people have no voice in it at all, whether they should diminish that expenditure or increase that expenditure. As it is here, you you get six months in discussing the budget and seeing what the expenditure ought to be?—That is a hypothetical case on which I find it difficult to express any direct opinion. In other countries it has been found to be of use I believe, and presumably, therefore, it would be so in the case of India.

3,201. Of use, yes, that is all I wanted, that would be a very great strength to the Finance Minister, or the settlement of finance, if some such voice was given to the people, direct voice, I mean to say, and direct interest. That is all. I do not want to ask any more.

Eighth day, Thursday, 27th February, 1896.

Witness: Colonel R. Wace, R.A., Inspector-General of Ordnance, Bengal.

The witness, in the course of examination on the means of production of the implements of war, stated that his department could not make a rifle barrel in India, whereupon Mr. Naoroji remarked, "You can make one if you choose." The witness having expressed a doubt as to whether the manufacture of these articles would pay, Mr. Naoroji said that "only the first new capital laid out would be necessary, that is all."

Later, it having been stated that a comparison of accounts would show the effect upon expenditure of the cost of labour, Mr. Naoroji remarked:—

4006. That would be affected somewhat by the higher salaries and pay paid to the supervisors; that is to say, the European agency; and, notwithstanding, there is still an economy?—Yes, but the supervising charge is separate from the labour.

The examination proceeded on the question of the relative amount of labour done by an English artificer and a native artificer. The witness having stated that, given good tools, the Indian workman would compare favourably with the Englishman, Mr. Naoroji asked (4096), "The quantity of work?" to which question the witness replied, "Yes, and the quality."

Later, Mr. Naoroji asks:—

4176. If sufficient encouragement and training were given to natives, would they not be able to come up to any level of any Englishman, and, drawn from a better circle of men, should we not be able to get as good skilled persons as you can have among Englishmen?—Do you refer to the supervision or the actual labour?

4,177. To skilled labour, to supervision in any department?—I think, as far as regards labour, that it is very good, but I do not think we could get really good native supervision. You must have men who have been trained in factories in England.

4,178. Well, if you give sufficient encouragement to train them there, and then give them a finish here, you can get such men?—Can we get such men?

4,179. Can you?—Well, we have not employed any natives of India in supervising the staff.

4,180. You have not employed them, and that is just the reason why you cannot get them; but if encouragement were given, and sufficient standard put down, to say that if anybody qualified himself in a particular way, he would have the opportunity of being employed, then will they not be produced?—Well, time alone could show.

4,181. Yes, but unless the experiment is made, it cannot be shown?—Quite so.

4,182. Mr. Caine: If you brought a factory foreman out for a seven years' appointment, do you think at the end of the seven years you could replace him with a native?—I am a little doubtful whether the ordinary native workman would look up to a native in the capacity of a foreman in the same way that he looks up to an European.

4,183. Mr. Naoroji: Perhaps I did not make myself clear; what I mean to say is that if the same facilities of learning and of encouragement in every way were given to natives, that you may be able to get from a certain level of natives, that you can get competent men just as well as English foremen or English supervisors; it depends upon the training, the encouragement and the teaching?—It does depend on the training, no doubt.

4,184. Mr. Caine: But you would be afraid of—well, discipline?—To a certain extent. I think, as regards ability, you could train natives of India up to the mark.

4,185. Mr. Naoroji: That is all I wanted to say?—They could be tried, but I doubt whether they would have the same power over a native labourer.

4,186. But then there is no reason why they should not have; the natives are the same, they have the same power in the Native State?—You think they have.

4,187. In fact, there was one Parsee superintendent of a whole Bombay factory, with Englishmen and natives under him, and the Parsee superintendent was the head of the department?—Yes.

4,188. That depends on the encouragement given and the class of natives you draw from. If you draw from the lower level you cannot get the proper stamp of men?—That is no doubt true.

4,189. But if you could provide encouragement, there will be the proper stamp of men coming out; out of 300,000,000 you can get any people.

4,189*a*. Mr. Caine: You could get some data of experience from the railway works, probably?—Yes.

4,190. Mr. Caine: They use Eurasians, do they not, as foremen?—I do not know them.

4,191. Mr. Caine: Do you employ Eurasians much as foremen?—No, we do not employ Eurasians very much.

4,192. Mr. Naoroji: There is one native of Bengal who has come over here and gone through a training in many of the factories here?—Yes.

4,193. And if he sought for employment there, I do not know whether it would be given to him or not. He has gone through the whole training and done everything that was required of him? It is very difficult for us to know what the value of a man like that is. No one is engaged for any of our Indian factories, of whom we do not get a full report where he has been employed, and the India Office make full inquiries; we know exactly what his value is.

4,194. If you lay down some rules, and all the necessary inquiries for qualification can be made, then they get regularly admitted; but if no rules or no qualifications are laid down in order to admit natives, they cannot prepare themselves for it!—Yes, that is true.

4,195. This native that I am talking about from Bengal seems to have very valuable testimonials from all the different works in which he has actually worked. I thought you knew him?—I think I know the man you refer to, but he has been employed in blast furnaces, of which we have none. He was

at Bolckow Vaughan's for some time, and I have been trying to get him employment.

4,196. He is quite willing to be trained to any department, if it is once suggested what he should do?—I was going to do what I could for him when I got out to Calcutta. I think he ought to get employment at Barakur.

4,197. I do not pretend to be a judge of his qualifications, except so far as I read his testimonials, but I do not take his case; I mean to say generally, if some qualification is held out and proper training given to natives, that they would prepare themselves just up to the same mark as any Englishman. That is what I want to say?—Yes.

Ninth day. Thursday, 5th March, 1896.

Witness. MR. STEPHEN JACOB, C.S.I.

The witness being questioned by Sir W. WEDDERBURN as to increased expenditure in the department of Law and Justice having arisen through Exchange Compensation allowance, and whether there would not have been a saving to that extent if natives of India had been employed instead of Europeans, Mr. NAOROJI (4,656) said:

I was only going to put the same question, that the more the native service increased, the greater would be the saving both in the original salary as well as in any such incidental charge for additional compensation for exchange, and so on?—Exchange compensation is not given to natives.

4,657. No, and that would be a saving, as well as in their original salary also; there would be a saving the larger the number of natives employed?—Yes, as far as it is possible to substitute natives for Europeans.

4,658. And then, as two Secretaries of State have thought it desirable that the separation of magisterial and executive functions should be effected notwithstanding any additional expenditure that might be incurred, it would be very important for the efficiency of justice that it should be done?—I am not prepared to give any opinion upon that point.

4,659. The increase in the judicial revenue or Law and Justice revenue has been going on increasingly every year, so that the excess or the extra charge that would be necessary before making the separation may be very well met to a good extent, so far as the surplus of justice revenue is increasing?—The revenue is certainly increasing steadily.

4,660. And, therefore, that would enable the separation of the judicial and executive functions to be carried out without much difficulty?—The court fee revenue is increasing, but it is not assigned necessarily to Law and Justice charges.

4,661. Then this inefficiency is necessitated by want of funds or want of the elasticity of Indian revenue?—I do not know that the separation of the magisterial and executive functions would be carried out but for the want of funds. I am not prepared to say that.

4,662. As I understood all along, it was on account of the extra charge that it would entail that the difficulty chiefly rests, though two Secretaries of State had considered it desirable?—All I am prepared to say is that the separation would involve some addition to the expenditure, but I am not prepared to say that that is the only reason why it is not carried out.

In the course of the examination a conversation ensued upon the rate of wages in India, and Mr. NAOROJI said (4,712): It may be that there is an increase in towns where there is congestion; but if we took wages all round in India it would be proved that they had not risen.

Later, on the subject of the payment of police (4731), Mr. NAOROJI said:

I think the question was put to you to give the figures of the amounts paid to Europeans and natives in the different departments. Now, as you go on with the evidence on these different departments, will you be pleased also to give us these figures at the time, as to what amount is given to Europeans and what amount is paid to natives?—I cannot give the amounts absolutely as they are not shown in the accounts; I could only take an arbitrary proportion for certain of the heads.

4,732. We are not able to compare properly then what proportion of the disbursements goes to Europeans and what to natives?—There was a statement presented to Parliament.

4,733. But it does not go into the departments?—No, it does not go into the departments.

4,734. It is only generally?—Yes.

4,735. I thought at this special inquiry you would give us these figures; when you come next time in giving evidence on the different departments; there we would be able to judge more accurately how large is the proportion of the Europeans, how much Europeans get in proportion to what the natives get. It would be very desirable if you could manage to give us those figures?—I will see; if anything can be done, I will do it.

4,736. In regard to the higher positions or posts in the police, is it not the case that an examination is transferred to this country in order to recruit the police department, by means of which the natives are therefore put to a very great disadvantage, just as in the other services also where the examinations take place here?—The grade of district superintendent of police is open to natives, and there are native district superintendents, but there is an examination held in London for a certain proportion of the appointments.

4,737. Then with regard to that portion, the natives are at a disadvantage that they must come here, even for these lower appointments?—I do not think that they are at any disadvantage in that respect, because a certain proportion of the posts was reserved for Europeans, even when the appointments were made in India.

4,738. But I do not know that the natives are raised to the higher position of inspectors. In Bombay I know of only one or two who are in the higher posts?—The inspectors in Bengal and in the North-West Provinces are almostly natives.

4,739. I am thinking of the posts which are occupied entirely by Europeans in the Bombay cities?—In the Presidency towns, of course, there are more Europeans, but that is for special reasons.

4,740. For special reasons natives are excluded?—In the Presidency towns a certain proportion of Europeans is required because they have to deal, to a great extent, with an European population.

Eleventh Day. Thursday. 12th March, 1896.

Witnesses: MAJOR-GENERAL SIR EDWIN H. H. COLLEN, Military Secretary to the Government of India.
MR. STEPHEN JACOB, C.S.I., Comptroller and Auditor.

In the course of the examination of the Witness Mr. NAOROJI said:—

5,345. I read an extract from a speech by Lord Kimberley made by him at the Mansion House in 1893. He says: "There is one point upon which, I imagine, whatever may be our party politics in this country, we are all united; that we are resolutely determined to maintain our supremacy over our Indian Empire. That I conceive is a matter about which we have only one opinion, and let me tell you that that supremacy rests upon three distinct bases. One of those bases, and a very important one, is the loyalty and goodwill of the native princes and population over whom we rule. Next, and not less important, is the maintenance of our European Civil Service, upon which rests the foundation of our administration in India . . . . . Last, not because it is the least, but because I wish to give it the greatest prominence, we rest also upon the magnificent European force which we maintain in that country, and the splendid army of native auxiliaries by which that force is supported . . . . Let us firmly and calmly maintain our position in that country; let us be thoroughly armed as to our frontier defences, and then I believe we may trust to the old vigour of the people of this country, come what may, to support our supremacy in that great empire." Lord Kimberley thus points out that the splendid European Army—I will not speak about the other services—is to maintain the supremacy of the British rule in India; it is mainly for that purpose that we have any British army. Then the Government of India, in a letter of the 25th March, 1890, given in one of the papers placed here, says: "Millions of money have been spent on

increasing the army in India, on armaments and on fortifications to provide for the security of India, not against domestic enemies, or to prevent the invasions of the warlike peoples of adjoining countries, but to maintain the supremacy of British power in the East." And, similarly again, on another occasion, in another part of that Memorandum, there is also put down: "India is incurring great expenditure in the increase of the army, and in armaments and defences for the maintenance of British supremacy in the East," and makes it still more emphatic here—"it would be much nearer the truth to affirm that the Imperial Government keeps in India, and quarters upon the revenues of that country, as large a portion of its army as it thinks can possibly be required to maintain its own dominion there; that it habitually treats that portion of the army as a reserve force available for Imperial purposes; that it has uniformly detached European regiments from the grarison of India to take part in Imperial wars." Now I will not read any more extracts on this point, but that the British army is essential from the British point of view to maintain the supremacy of Britain over India. Is it right that the Indian revenues of the Indian people should be made to pay the whole of the expenditure of that army, or at least of the services themselves and the *personnel*, though the chief object and the chief necessity of the British Army in India is the maintenance of the British rule itself, and therefore it is to the purpose and interests of Britain that there is any British army in India?—Sir Edwin Collen: I should certainly reply in the sense of the quotations which you have made from the despatches of the Government of India.

5,346. Then the next question will be that if it is essentially for the maintenance of the British supremacy that a British army is there, and if the British Exchequer should therefore, in proportion to their own interest and purpose take a share in the expense of that army, is it not right and proper also that this share, whatever it may be, should be according to the capacity of the two countries? I can read a quotation from the Government of India. The Government of India says in another part:—"The Government of India has, however, continually objected to any rateable division as imposing an undue charge on the revenue of India; they maintain that as a question of partnership, India as a poor country should not be put on a level with rich England." Is that a right principle, and do you agree with it?—In my opinion it is so.

5,347. Then leaving this question of the whole British Army there, the *personnel*—that Britain is chiefly interested in the maintenance of a British Army in India—I will just put a question or two with regard to the frontier wars. We see from one of the returns laid here (Commons No. 91 of 1895) that during the past years there are nearly 129 millions of rupees spent from April, 1882, to March, 1891, beyond the West and North-west frontiers of India, after the expenditure on the Afghan War of 21 millions sterling. Now, in all this expenditure, I want to know whether the 129 millions includes the ordinary pay of the soldiers also or not? The items are these: there is construction of railways, construction of roads, and bridges, military works (including fortifications and cantonments), special defence works, expeditions and explorations, expenditure in the military department which is Rx. 2,544,000; does this include the ordinary pay of the soldier when he is not on any expedition?—No, it does not include it.

5,348. It does not include it, so that it will make the amount so much larger if that is included in it?—If you were to take the portion of the army beyond the frontier.

5,349. I am talking of that portion only which is touching on the frontier?—Yes.

5,350. Therefore, according to this return, there has been an expenditure of Rx. 12,857,000 from the year 1882 to 1891. Now these frontier wars, according to the repeated declarations of the Cabinets—of the Governments here—both Conservative and Liberal, were all Imperial wars. I had better read an extract or two so that the thing may be more clear?—Might I venture to ask to which wars or expeditions you refer?

5,351. All the frontier wars, I am talking about—on the north-west frontier?—You mean the expeditions against the Waziris, for example?

5,352. All the small expeditions, the Afghan war and all those, all the frontier wars. Now Lord Beaconsfield, in the House of Lords, said: "That the real question at issue was whether England should possess the gates of her own great Empire in India . . . . . We resolved that the time has come when this country should acquire the complete command and possession of the gates of the Indian Empire. Let me at least believe that the Peers of England are still determined to uphold not only the Empire but the honour of this country." Then Mr. Fawcett raised the question with regard to the Afghan war, that, being an Imperial war, a portion must be paid by this country?—Yes.

5,353. And during that discussion Mr. Fawcett read an extract from Lord Lytton's speech, in which Lord Lytton said:—I came to India, and just before leaving England for India I had frequent interviews with Lord Salisbury, the then Indian Secretary, and I came out specially instructed to treat the Indian frontier question as an indivisible part of a great Imperial question, mainly depending for its solution upon the general policy of Her Majesty's Government." This was the declaration made by Lord Lytton in the name of Lord Salisbury; and then Mr. Fawcett insisted upon regarding it as an Imperial war, and on that occasion Mr. Gladstone emphatically endorsed the opinion put forth by Mr. Fawcett, and said that it was a really Imperial question, and I may be able to read a great many extracts, but I do not think it would be necessary, because all these wars beyond the frontier are specially for the purpose of taking necessary precautions, as it is alleged, against any Russian invasion, and it matters both as to the European position as well as to the Imperial character of the British Empire. I therefore ask you whether it is right that the British Government should not pay a portion of the expenditure incurred in all these frontier wars?—If I may venture to say so, I should draw rather a sharp distinction between expeditions which might be called of a local character or interest, and any large campaigns which were engaged upon in following out a certain Imperial policy. For instance, I should say that a campaign on the South-east frontier against the Akas or the Abors, or some of the wild tribes between India and Burmah, or some of the tribes on the North-west frontier, who possibly raided on some of our subjects, and came down and crossed the frontier or approached the frontier and gave us a good deal of trouble, those, I maintain, are justifiably paid by the Indian revenues. With regard to the larger wars, if they are engaged upon by reason of following out a policy which has for its object the maintenance of our power not only in India but in the East generally, then I think that we may fairly claim that England shall pay a reasonable part of these expenses. That, in the instance you have quoted, of the Afghan War, was done, to some extent, because a contribution of five millions was made.

5,354. With regard to these tribes, if they are contiguous to the border, and harass our people, it may be that in defence and in preventing them from doing so, you may have these small wars; but then if you specially go, as it were, to secure the gate of the Indian Empire, and take every possible step in order to gain that object, all that will come under the Imperial policy and for the European position of Britain?—That is my view, certainly.

5,355. Then I will go further with regard to the wars outside of India, with which India has nothing whatever to do, such as in Egypt, Africa, or Abyssinia, or any of those places, if the Government of England uses the Indian Army, is it not right and just that they should pay for the whole expenditure of that army instead of putting on India even the ordinary pay of the soldiers that are used in this way?—As you are aware, an argument has been used in these cases that you cannot dissociate the object of the expeditions from India. Take Egypt; it was said that it was the high road to India, and, therefore, India was interested. But I think in the case of Abyssinia and Egypt, and in other instances which might be quoted, the whole of the charges should have been borne by the Imperial Exchequer.

5,356. Then now comes the question of the capacity of the two countries. Supposing the principle were as admitted—as it has been repeatedly admitted, and I could read several other extracts from the letter of the Government of India—supposing it is admitted, taking them as partners, in so far as the British army in India exists entirely for the supremacy, but India benefits indirectly to a certain extent, by preventing Russia from coming in—making every allowance for that—supposing the partnership to be admitted, what would be a fair apportionment between the two countries with regard to the expenditure

of the British Army in India, and on such Imperial wars as took place in which India is interested, such as the North-West frontier wars; I can give you some figures here?—I am afraid I could hardly answer such a question as that.

5,357. Lord Cromer compared the capacity of the two countries as follows:—England's wealth being on an average £33 per head, India's production is 27 rupees per head, which at present exchange would be about 33s., so that is just about one-twentieth part; and Sir Henry Fowler in a speech has pointed out, also, that the taxation paid by India is nearly one-twentieth per head of all the taxation as paid in England per head. Consequently, do you not think that that would be a fair ratio of the capacity of the two countries in making any division as two partners, one benefitting largely, and at the same time being the wealthiest, the other benefitting not so much, but at the same time its capacity being so very little—a very small partner indeed compared with all the benefits that England derives from India—do you think that that would be a fair division?—I am afraid I could hardly accept any arithmetical division in such a sense.

5,358. No, the Government of India refuse to take any arithmetical division, and the Government of India insists on having it according to the capacity of the two countries.

Later.

5,370. Mr. Naoroji: Now, to provide for the Government of India, is it necessary at all that there should be British troops, European troops?—Yes, certainly.

5,371. That is to say, for maintaining the British supremacy. If that question were not considered there would be no necessity for British troops, and Indian troops would supply every want?—There would be no India at all if British supremacy were not maintained.

5,372. Yes, then it is the British supremacy that necessitates this employment of European troops?—I should rather say that the British troops—European troops—are required for the maintenance of order in India.

5,373. Very well. The maintenance of order is also as necessary for the existence of the British rule as any other purpose, because then, without that order and law, and if this was not gained, there would be no existence for British rule, which would be very much jeopardised in every way. British people are deeply interested in everything that is done in India. Then, again, India being regarded as a part of the Imperial partnership, does India get the slightest share of glory or gain out of what is called the Imperial concern. For instance——

Chairman: But, Mr. Naoroji, may I just appeal to you for a moment? Do you not think that when we come to the question as to whether a British force ought to be kept up in India, we are getting beyond our limit?

Mr. Naoroji: No, because that involves the very question of the whole expenditure. It is not merely the question of the amount of the expenditure that is troubling India, it is in the way in which the expenditure is carried out and used that the whole difficulty arises. Unless we thoroughly understand the character of the whole expenditure we shall never be able to judge properly.

Chairman: I think we have got a step beyond your first questions.

Mr. Naoroji: Shall I wait till the question arises upon the apportionment?

Chairman: Well, I think it will be more appropriate there.

Mr. Naoroji: I took the policy for granted.

Chairman: But when we get to the question as to whether British troops should be kept there at all, it would be rather the opinion of the Commission that we are stepping a little beyond our instructions.

Sir James Peile: I think it gets on to policy.

Mr. Buchanan: Should we discuss this question that Mr. Ryder raised, with regard to the amount that should be put upon the Indian Exchequer and the amount that should be borne by the British Exchequer with regard to expeditions outside the limits of India, now or when we come to the question of apportionment?

Chairman: I think it would be better when we come to the question of apportionment.

Mr. Ryder: I am afraid that belonged to a later part of the enquiry; I had not wished to raise the question at all.

Chairman: It was rather a matter for Mr. Ryder to ask, because Mr. Naoroji put the question how far India was concerned in this matter rather broadly.

Mr. Buchanan: I thought it was a very important matter to go into: but the question is, now or later?

Chairman: At present we are looking only into the actual increase of the army charges.

Mr. Naoroji: Mr. Ryder has raised a far broader question than mine, consequently I was going to say something about it, but now as it is postponed to the other occasion I shall not interfere any more.

Later, Mr. Naoroji examining Mr. Stephen Jacob, said:

5,623. I have just only one question. I think it was declared in some despatch by the Government of India that they were not legally bound to pay this compensation for exchange; are you aware of that?—Mr. Jacob: Yes, there could be no legal claim.

5,624. They are not legally bound to pay it?—Yes, I believe so.

5,625. And can you say that when, as was the case very often, exchange was above 2s., any account was taken of that at all in paying the salaries in those days?—I was not happy enough to be in India then.

5,626. But from the India Office you can ascertain whether they have always paid the regular rupees without any reduction at all, or so much higher. From records I daresay they can find out whether any such deduction was ever made?—I think I can safely say that no such deduction was ever made in the matter of civil pay.

In the course of Mr. Jacob's examination by Sir Ralph Knox on the subject of the payments by the India Office to the War Office of capital sums to provide annuities for retired soldiers, Mr. Naoroji said:

5,672. As I understand it, say that in any particular year £400,000 were paid?—Yes.

5,673. This means that for those people whose annuity began in that year, out of that £400,000 every annuity would be paid for them as long as was necessary by the Government here?—Certainly.

5,674. That account is settled altogether?—Yes, absolutely settled.

5,675. In the next year new pensions arise?—Yes.

5,676. In that case, again, the Indian Government pays another £400,000 to meet all the annuities that apply to these new pensioned men?—Yes, that is the case.

5,677. And so on, year after year. What Sir Ralph Knox wants to show is that every year you pay the capitalised amount for the annuities, to be paid afterwards as long as they lived from that sum by the Government here?—Yes.

5,678. Well that I suppose is clear enough?—That is clear enough.

5,679. That has nothing to do with what was paid last year for those pensioners only who were added last year. What you pay this year is only for those who are coming on this year, and whose annuity is to be paid afterwards by the War Office regularly?—That was the previous system, but under the present system we pay the annual value.

5,680. You pay only the annual value every year?—Every year.

5,681. Has that diminished, or has it increased?—Well, it is actuarially calculated, it is not the actual value, but it is the annual value calculated for the one year only.

5,682. You pay the annuity for that year only, and not the capitalised value?—That is so.

Later, Mr. Naoroji said:

5,703. I want to ask just one figure. Can you give me the total amount for any one year of the salaries of soldiers and the pay of officers; European officers and European soldiers?—Mr. Jacob: I am not sure that that could be given.

5,704. European military officers and European soldiers, the total pay and expenditure, and also the total pension of soldiers. All the officers I think we have in the return; it is the soldiers' pay and personal expenses or allowances I want?—I will see if any such statement can be prepared.

12th day. Thursday, 19th March, 1896.

Witness. MAJOR-GENERAL SIR EDWIN H. H. COLLEN.

In the course of the examination of the witness,

5,793. Mr. NAOROJI: Has not the Government of India objected to the short service army as disadvantageous, and recommended that a longer service would be advantageous to India?—It has made several representations on that subject.

Later, upon the question as to whether India paid any portion of the charges under the system of army apportionment, Mr. NAOROJI asked:

5,838. Supposing the Government of India were consulted, is it not possible that they might on certain occasions have refused to acquiesce in the arrangement, though high authority compelled it; but the Government of India should have an opportunity of declining to accept it?—They may represent to the Secretary of State that they do not think the charge should be incurred, and then it is for the Secretary of State to decide whether it shall be incurred or not.

5,839-40. Then that is a decision only of higher authority, without the consent or with the goodwill of the Government of India themselves, as representing India?—No.

Later, when the witness was under examination upon the charges paid by India for the recruiting service, Mr. NAOROJI said:

5,953. But when the recruit is sent to India he is not sent simply as if India were an independent territory, and for Indian purposes only; he is sent there because British rule is in India. It is for the sake of British rule that they are sent there; a consideration must be made about that?—Yes.

In reply to Mr. NAOROJI, the Witness stated that Lord Northbrook had said that India, in the case of the Mutiny, was charged with the cost of raising the men.

Thirteenth day. 25th March, 1896.

Witness. MAJOR-GENERAL SIR EDWIN H. H. COLLEN.

In the course of the examination Mr. NAOROJI said:

6,577. I want first to read a few statements which are the fundamental premises on which the whole argument for all demands upon India is based. In the papers before us there is one extract from the report of the Committee of 1874, and the extract is admitted by Sir Henry Fowler. The extract is this:—"At the same time India, as a component part of the Empire, must be prepared to share in the cost of a system the expense of which may be enhanced for Imperial purposes." The Government of India sums up, in their letter of the 25th March, 1890, the principles upon which the War Office claims are made, as follows:—"The actual cost to the British Exchequer is the cost of raising, paying, and maintaining the force in the United Kingdom, which would not be maintained if the army had not to be kept up; all the difficulties in the organisation of the British army during recent years, and the grants of additional inducements to men to join the army, have been mainly due to the necessity of keeping a largely increased European force in India." Then, Mr. Knox, I suppose that is Sir Ralph Knox, said in his memorandum of the 26th April, 1889:—"That the actual cost to the British Exchequer of raising and training the force necessary to maintain the army in India, is clearly the cost of raising, paying, and maintaining the force in this country which would not be maintained if the Indian Army had not to be kept up;" and he says further, 'when it is borne in mind that all the difficulties in the organisation of the army during recent years, and the grants of additional inducements to men to join the army, have been mainly due to the necessity of keeping a largely increased European force in India, it is difficult, in justice to the home taxpayer, to see on what grounds any modification can be made of this claim as the payment to be made by the Indian Government." Then Mr. Ryder put to you three or four questions, which I will repeat here. Question 5,363: "May I ask a question with reference to the first question of Mr. Naoroji—whether you are satisfied that it is quite fair to distinguish between the cost of the maintainance of the British rule in India and the cost of the *de facto* Government of India. Is it not fair to say that the *de facto* Government of India is British, but that that does not affect the duty of India, as a very large and powerful community, to pay for the cost of its own Government?" In the next question he says: "No doubt everybody will be agreed that where India cannot afford to bear the whole of the charge, England should come to its assistance. Really, my point was that *primâ facie* it is the duty of India to pay for its own Government: the fact that that Government is British does not affect the duty of India to pay." Then he goes on: "but then would you go so far as, I think, Mr. Naoroji did, as to draw such a distinction between Imperial interests and Indian interests, as to hold that the one was exclusive of the other, and that, if once you granted that an interest was Imperial, then it ceased to be Indian and became chargeable on the British taxpayer instead of on the Indian?" Then, "Surely it is of Imperial interest that every part of the Empire should be prosperous and should be defended against its enemies?" You really cannot separate the two; Indian interests are Imperial, and must continue to be so as long as India is part of the British empire, and, therefore, it is not enough to say that a particular interest is Imperial in order to prove that the charge should not fall upon the Indian taxpayer." Then he says "That grant-in-aid might be justified by the fact that India was overburdened by the charge of the Afghan war?" Another question: "It undoubtedly was an Imperial war, but so also an Indian war may be Imperial in its magnitude, and yet be still Indian?" Now, I have read these. What I have read, I think gives a full and fair statement of the British arguments, for the claim that Britain makes upon the Indian people, the premises upon which the argument and conclusion is based. I have to show that the whole of these premises upon which every claim on India is based is utterly fallacious and untenable. This necessitates my putting a few questions which I have here. The first question is, have the Indians the slightest voice in the expenditure of their revenue?—You mean the Indian nation as a whole?

6,578. The Indian people?—The Indian people?

6,579. Yes, of British India?—Not of course any representation, except through the action of the Legislative Councils.

6,580. The Government of India itself speaks in one place of the people of India "who have no voice in the matter"?—That refers to the special fact that the peoples of India had no voice in respect to the claims made by England, or the War Office, on India.

6,581. Now with regard to the Legislative Councils, is it not the fact that the Legislative Council cannot in any way affect or touch the Budget? Some members may express opinions, but they can propose no resolution of reduction or no resolution of change of any kind, and so Sir David Barbour told us here?—That is so.

6,582. So that even the Legislative Council of India has no voice whatever in the expenditure of the Indian revenues?—Well, I should perhaps qualify that by saying that they could raise interpellations on questions such as these; for instance, the home charges have been mentioned.

6,583. But they cannot put a single motion for reduction, as the Budget is discussed in this country in the House; nothing of the kind?—No.

6,584. Then the next thing is, are not the Indians distrusted, and is that not one of the reasons why Britain increased the European force, for its own interests?—No, I should say not, certainly.

6,585. That is to say, that they are not distrusted?—No; on the contrary I should say that the Government of India rests on the loyal contentment of the people of India.

6,586. That is right, that is exactly the case; the Government of India has to depend entirely upon the loyalty of the

people, but yet are not the people distrusted? They are disarmed; there cannot be a single officer in the army; they cannot even occupy higher places in their own services, even in India. These are simple facts I am asking; I am not asking any opinion?—I should not say that they were distrusted; but those questions of yours seem to me, if I may venture to say so, to enter upon large questions of policy which I am unable to go into.

6,587. As to questions of policy, I do not think that this Commission is precluded from asking such questions, because the reference is quite clear; it has made no exclusion whatever of any question as to policy; but still I am not putting these questions as to policy, I am simply putting these questions of fact, in order to show how far the ground upon which the whole claim is made is untenable. Are not Indians refused as volunteers?—They are not excluded, I think, if they adopt the uniform, and can speak English. Parsees, I think, are not excluded.

6,588. Not altogether, in some places; in Quetta, I suppose, there may be volunteers; but I do not know that there are any volunteers on our side; no, they are not admitted. I only point out all these disqualifications.

6,589. Sir Donald Stewart: But I think you are wrong. Is it not a fact that any native can be appointed a volunteer if he is accepted by the commanding officer of a volunteer regiment?—Yes, I think so.

6,590. Mr. Caine: But he cannot claim it as a right?—No.

6,591. Mr. Caine: As matter of fact he never is accepted by the colonel of the regiment?

Mr. Naoroji: Is not a military education entirely refused to Indians in the military colleges in this country?

Sir James Peile: Has that question anything to do with expenditure?

Chairman: You were asking about education, were you not, Mr. Naoroji, whether they were excluded?

Mr. Naoroji: Military education. It is entirely refused to Indians in this country; they will not admit a single Indian.

Chairman: May I ask what is the line of that argument?

Mr. Naoroji: I want to show that Indians cannot be considered an integral or component part of the British Empire. They do not enjoy the rights or the gains of the British Empire, while it is proposed that they should submit to every duty of the Imperial citizen. Well, I want to show that that is what they do not possess. Until they possess those rights, the argument that they are bound as citizens of the British Empire is not a correct argument; it is altogether a one-sided argument; therefore, I am obliged to point out all the disabilities of the Indians; that they have no rights and no gains of the Imperial citizenship or of the country, while these claims are made upon them on the ground that they are Imperial citizens.

Chairman: I should have thought that on that line you are entering, Mr. Naoroji, on questions which lie outside our reference.

Mr. Naoroji: No. I contend that it is not.

Chairman: Have you got the reference?

Mr. Naoroji: The reference does not in the slightest degree exclude any such questions.

Chairman: Let us look at the reference, and see. I do not want to suggest to the Commission the exclusion of any questions which come fairly within the reference:—"Whereas, we have deemed it expedient that a Commission should forthwith issue to inquire into the administration and management of the military and civil expenditure, incurred under the authority of the Secretary of State for India in Council, or of the Government of India, and the apportionment of charge between the Governments of the United Kingdom and of India for purposes in which both are interested."

Mr. Naoroji: That includes everything; there is no exclusion whatever in saying that that policy, or this or that, shall not be discussed. The whole expenditure depends upon the manner in which the expenditure is incurred. The expenditure depends, and the manner depends, upon the kind of policy or system. I may use the word "system" to avoid the word "policy," if you like; it is the kind of system that is introduced in the expenditure which necessitates all this apportionment and all these claims that are made upon us.

Chairman: What is the connection between that question of policy and the administration and management of the military and civil expenditure?

Mr. Naoroji: Just this—the way in which the Europeans are brought into India, and the employment of the large European services, are for the interests of both India and England, and, consequently, I say that there must be a fair apportionment of charges in both countries between them. I will lead to that conclusion gradually.

Chairman: Perhaps you will go on, Mr. Naoroji, bearing in mind the expression of opinion which has been made.

Mr. Naoroji: That is the end, that I want to make Britain liable for a portion of the charges in both countries which are for British interests. That is the next question that I am to put here. Have the Indians any share whatever in the gain and glory of the British nation or country, just as the Irish or the colonials have? I will explain what I mean.—Sir Edwin Collen: I cannot speak for the Irish, but I think that the natives of India have a great share in the glory of the campaigns which have been won to a great extent through the valour of native troops.

6,592. In that way they have only to give their blood and their money for the enhancement of the British Empire. If that be glory I do not know. However, I will explain this: An Irishman, or a Scotchman, or a Welshman, or a Colonial, as well as an Englishman, can have a post in any of the military, naval or civil services, or in any of the services of the Empire in any part of the British Empire, having thus a share in the gain and glory of the British Empire. Are Indians in that position? With the exception of the lower services, and the few exceptions of the higher civil service, in their own country, are they not entirely shut out from any share in the Imperial gains?

6593. Yes, Imperial benefits; they have no service in the higher ranks of the army?—No.

6,594. No service in the navy?—That is perfectly true.

6,595. No service in the Civil Service here. Are we not a part of the Empire; should we not have a fair and full share in all the services in this country also, as well as in India?—I am not competent to answer a question of that sort, because that seems to belong rather to civil and political questions.

6,596. As a matter of justice merely!—But I should say that natives of India have a distinct share in the Imperial gains, because they are able to live in peace and comfort, whereas otherwise they would not be able to live at all in India.

6,597. But with that peace and comfort of the Indian, does not also the very existence of the British rule depend upon those services? If there were no peace and order, and if the country were in a disorderly state, the British rule would not be able to remain there very long; is it not for the British interests also?—That is a matter of opinion.

6,598. Then, as a continuation of that disqualification, Lord Salisbury has said (Hansard, vol. 185, p. 839), "it would be a great evil if the result of our dominion was that the natives of India who were capable of goverment should be absolutely and hopelessly excluded from such a career"; and also with regard to the present system of British administration, he said that "it creates a terrible amount of misery." How far you may agree with that I do not know?—No; I do not know that I ought to be called upon to answer a question of this kind: but I do not agree with the latter opinion.

6,599. For the little admissions Indians have in their own country into the higher civil service, none into the military and naval services, are they not most unjustly treated in being compelled to come to this country for their examinations, instead of being simultaneously examined in India itself?—That, I venture to submit, is not a question which is concerned with the military expenditure of India.

6,500. The whole expenditure is the question. I want to refute the grounds on which the War Office Memorandum and Mr. Ryder's reasons are based—namely, that India is a part of the British Empire, and is bound by all the duties of the British Empire; and, therefore, of course, you may answer just as you think proper.—Well, if you ask for my own personal opinion, I think it is a very good thing that they should have to come.

6,601. If an Englishman wants service in the Colonies, he must go there; but if an Indian wants service in his own

country, he must come here; is that justice?—I think it turns upon the consideration of many other points.

6,602. Do you not compel Indians to pay every farthing for whatever you choose to do for your own interests, or what you call Imperial interests, for the benefit of the British taxpayer? Are not the British services in India for the benefit of the British taxpayers, to keep his rule in India, to have the British Empire; and must he not share, therefore, in the cost of keeping up that British Empire?—I think that the cost of the service that is maintained in India is, to a very great extent, for the benefit of the native himself.

6,603.—I grant even that much, though it is not quite logically so: but is it not also for the benefit of the British themselves?—It is certainly for the maintenance of the British Empire as a whole.

6,604. And, therefore, should they not bear a share or take a share in the cost? Of course, though you employ the native army, I do not say a word. You would require that under any circumstances, whether the British were there or not; but the British army or services would not be required in India except on account of the British rule?—If the British rule is to obtain in India, I presume a portion of the British army would be required there; but I think I have given reasons before the Commission to show that, in my opinion, India should receive generous treatment at the hands of the Imperial Government on account of certain services connected with the British army.

6,605. I will not go into the many disqualifications, notwithstanding that we have had repeated pledges; we have the Act of 1833; we have the Proclamation of 1858; we have the Act of 1870 to make us something like Imperial citizens. There is the declaration on the occasion of the assumption of the Imperial title; then the declaration in the Jubilee year that we would be treated equally with all British subjects; but these pledges have never been fulfilled. Lord Lytton says that all these pledges have been avoided by every possible kind of subterfuge; therefore is it right and is it just to say that India is a component or an integral part of the British Empire? Is it not more just to say, as Macaulay once said, that it is more the slave of the British Empire than a partner or component part of the British Empire?—No, I should say that India was a component part of the British Empire.

6,606. Therefore, the theory that India is an integral or component part of the Empire, and must take its share of the expense of the Empire and not at all of the profits or interests or rights of the Empire, is not that something like adding insult to injury?—Not in my opinion.

6,607. Well, the Government of India say,* in their letter of the 10th August, 1883, "We maintain that the system itself is unjust. It presupposes that there is a partnership between the two countries, and so to a certain extent there is, but there is no freedom of contract. It is a partnership in which the rich and powerful partner is able to prescribe the conditions under which the business shall be carried on with very little reference to the wishes or the means of the poorer and weaker partner." That is what the Government of India says; I do not know how far you agree with that?—I agree with that entirely with reference to particular charges which we are discussing.

6,608. I apply that to the whole charge, everything that is for the common interest, because our purpose to-day is to discuss what are those charges which are for common interest, for the purposes of both, and what apportionment should be made.

CHAIRMAN: Where are you quoting that from, what the Indian Government says?

Mr. NAOROJI: From one of the papers here.

CHAIRMAN: What did it refer to? Should you not state what the Indian Government referred to?

Mr. NAOROJI: The Government of India's whole argument s with regard to the army charges only.

CHAIRMAN: When you are making a quotation, I think it would make it clearer to say what the quotation refers to.

Mr. NAOROJI: Yes.

6,609. CHAIRMAN: You gave a quotation and it might refer to the whole question you are raising, or it might refer merely to these army charges. I think Sir Edwin Collen understood it referred to the army charges?—Sir EDWIN COLLEN: The army charges, yes.

6,610. Mr. NAOROJI: The Government only applied it to the army charges; I apply the language to the whole general principle involved. I must confess that I feel exceedingly grateful to the Government of India for the manner in which they have been fighting the War Office here. But is it not the fact, as I have already said—and I will just give you a little authority—that even the opinion of the Government of India is no expression of the views or wishes of the Indian people? If the Government of India says anything or asks for anything, that this or that should be done for India, it does not mean that it is the voice of the Indian people?—Well, I should hope that the voice of the Government of India would represent the voice of the Indian people.

6,611. You think that the voice of the Government of India would represent the voice of the Indian people?—I should hope that it would do so.

6,612. However, I have got an authority here. Mr. Gladstone says, in a speech in the House of Commons on the 12th March, 1880: "It appears to me that to make such a statement as that the judgment of the Viceroy is a sufficient expression as that of the people of India, is an expression of paradox really surprising and such as is rarely heard among us." That is his opinion. And he also points out what the relations of Britain are with India, and the principles upon which India is governed, and he says here—he emphasises this position by the words—"The law and argument of force, which is the only law and the only argument which we possess or apply to place the whole of this burden on the shoulders of the people of India." He refers here to the Afghan War; but I ask whether that is not altogether a true description of the whole relations between England and India?—But I should not in any case say that it was the opinion of the Viceroy. I suppose one may speak of it as the opinion of the Governor-General in Council or of the Government of India.

6,613. The Government of India; but that is not necessarily the opinion of the people of India. If the people of India were consulted whether this large British army should be kept up there or not, perhaps we would come to a very different result; is not that possible?—Quite possible.

6,614. Sir JAMES PEILE: Is there such a thing as the opinion of the people of India?—Sir EDWIN COLLEN: I have never heard of the people of India except as an expression; I mean I have always understood that India is composed of many peoples.

6,615. Sir JAMES PEILE: Very antagonistic to each other?—Sir EDWIN COLLEN: Very much so.

Mr. NAOROJI: You may call them peoples if you like or people; those who are called British subjects in British India, no matter whether they are called peoples or people; you may use any expression.

Sir JAMES PEILE: I asked whether there is such a thing as the opinion of the people of India?

Mr. NAOROJI: There is no such thing as the opinion of the people of India, because they are not asked; they have no voice at all; they are not allowed any opinion. That is the very thing I contend.

Mr. CAINE: They express it without being asked occasionally.

6,616. Mr. NAOROJI: They do express it, and that is all they can do. Therefore, it resolves itself into this: that as long as the Indians are not allowed to have a full and fair share in Imperial rights and interests, it is not right to demand from them a share of the Imperial duties?—Sir EDWIN COLLEN: I am unable to answer a question of that kind, except in a general way.

6,617. Then again, the Government of India is not like the Government of France or the United States, say, treating on behalf of the Indians on an equal and independent footing with Britain; the Government of India is simply a department as it were of the British rule, and their chief and primary business there is to protect British interests, is it not?—No; I should say it was to govern the people well.

6,618. Then I will read you a few more extracts; I have already read to you some extracts before, and I will read a few more extracts of what the Government of India say—I may say here again that they refer to the fight with the War Office, but I apply them as very important and applicable to the whole general relation between India and England. I am adopting their words. One is this: the previous questions I have put were to show that the army of India, or all the European services in India, were for maintaining the

* Appendix No. 45. Appointment of Military Charges, p. 306.

British supremacy, and there is a strong paragraph upon that point which I have already quoted, and with which I will not trouble you now. There are further advantages, the Government of India points out in their letter* of the 25th March, 1890, to the British people. "The army of India affords (as indeed it has been clearly stated in bygone years by the Government of India) a great reservoir of military strength to England." That is the fact?—Yes.

6,619. †Again in the same letter, they say: "We may especially lay stress on the fact that the Indian army supplies a great addition of military power to England, that a large part of the British army is trained at the expense of India, that the whole of the men passed into reserve from the 70,000 troops in this country have been maintained entirely out of Indian revenues from the date of their first recruitment." In the ‡India Office Letter to the War Office of the 9th August, 1872, it is said: "It is well known that India offers the best, if not indeed the only training ground for the British army in time of European peace. . . . A very large, and certainly not the least valuable, portion of the reserve will consist of men whose entire military training and experience will have been acquired at the expense of the people of India." Further in the §Memorandum enclosed in the Government of India letter of the 25th March, 1890, the following passages occur: "India is incurring great expenditure in the increase of the army, and in armaments and defences for the maintenance of British supremacy in the East. It is surely not unreasonable to consider that England should bear a share of this burden; the principle should be that of true reciprocation, and India should not be charged on account of expenditure which must necessarily be incurred by England for the maintenance of her army and the Empire at large." . . . . "That India should be considered as affording a training ground for the officers and men of the British army, that the relative financial capacities of the two countries should be considered, and the whole matter adjusted on broad and statemanlike views of public policy." Well, I apply all these, in the words of the Government of India, to the general question of all the relations between Britain and India in regard to charges in both countries for their common interests. It was suggested by Mr. Ryder that the Government here, or the British Exchequer, was requested and prayed to show mercy and pity to a poor partner, and that it is only in that way that we are asking from Great Britain not to charge this and not to charge that. Well now, I maintain, as Mr. Fawcett did very distinctly state—he said (Hansard, Vol. 250, p. 454) distinctly he wished to explain (this was on account of the Afghan War that he said this), that so far as India was concerned, this was not to be regarded as a matter of generosity, but of justice and legality; and he again repeated the words, "the matter must be decided on grounds of strict justice and legality." And then Mr. Gladstone (p. 932) completely adopted all that Mr. Fawcett had urged, both with regard to the principle upon which the expenses of the Afghan army should have been apportioned between the two countries—viz., that of a very substantial contribution from Britain; but not on the ground of generosity or pity, but on the ground of simple justice and legality; and that is what I ask should be done. Do you not think so?—I think certainly that the principles of justice and legality should be followed.

6,620. The War Office or any department here says, such and such expenses, that we undergo, are for the benefit of India also, and therefore, India must take a share in them. Now, on the same principle, should I not also say that whatever is spent here from the Indian revenues, which is also entirely for the purposes of the two countries—not for England alone—should also be shared by the British Exchequer on the same principle? I will just give an instance, such as the India Office building and establishment, the Engineering College, the examination expenses, and a number of expenses that are defrayed here in this country, every farthing of which is spent in this country, is enjoyed by the people of this country. Taking also the cost of the exchange compensation, every farthing of which would be spent in this country. Very well, whatever is paid out of the revenues of India for common purposes, not only for common purposes, but even entirely what is spent here, should not the British Exchequer take a share in it, just on the same principle as they demand from India that we should take a share in the War Office expenditure?—Looking at the matter from an Indian point of view, I should be very glad if that conclusion were arrived at.

6,621. Then, also, even in the apportionment, supposing that for particular purposes very large expenditure is incurred which is in the interests of both countries, it should also be taken into consideration what is the capacity of each country, more especially as it is under the British administration that India has become extremely poor and the poverty is acknowledged by three successive latest Finance Ministers. I have already given you the figures with regard to the capacity the other day, and therefore I will not repeat them here again?—I think the question of the capacity or the wealth of the countries might certainly be taken into consideration in discussing the question.

6,622. With regard to these frontier wars, in which you urged the other day that the British Exchequer here should take a proper share, in which the interests of both are concerned, I do not remember that you exactly agreed with me in excepting those small frontier wars where the tribes come and disturb the Indian frontier?—Yes.

6,623. And now with regard to wars outside India, in which the chief interest is that of the British Empire, not only within the British Empire, but everywhere all over the world, taking Egypt and the British interest connected with that, or the Abyssinian expedition, or any of those expeditions, is it not just that the British Exchequer should take a fair share in the whole expenditure, or rather that they should pay the whole expenditure, not take a fair share, in that India has no concern, except that they use Indian troops, and therefore India helps with the blood of her troops to maintain the Empire outside of India?—Yes; I think that in cases such as those you have quoted, the British Exchequer should bear the expenditure.

6,624. Then with regard to the exchange compensation, and I have already quoted Lord Kimberley's words that the British services in India are for the essential purpose of maintaining British rule there, and the European officers are specially for that purpose, the argument that was urged was that if this compensation were not given, it would dissatisfy the officials and the officers and would impair the service. Very well, that service is chiefly, mainly, I do not go to the logical conclusion of it, entirely for British purposes, and in addition to that we have this consideration, that the whole of the exchange compensation would be entirely spent in this country; therefore, to say the least, instead of putting the whole of that burden of exchange compensation on India, is it not right and just that some portion of it fairly should be contributed by the British people themselves?—No, I certainly do not think so.

6,625. For this double reason, that it is entirely because they are Europeans that this exchange compensation has at all arisen, and Europeans are for the interests of both, I grant that; and that, therefore, if this European service is not to be impaired, as much for the sake of the British rule and supremacy as for the sake of the Indians, and also because the whole of the money to be spent here besides, not a farthing to be spent in India, is it not right and just that the British Exchequer should contribute a fair proportion of it?—No; I should say that it is a purely Indian service, which Indian revenue should pay for.

6,626. Not only this exchange compensation, but the whole exchange question arises simply because there are European services in India; otherwise any other country, such as China, or any other Eastern country, will have nothing to do with any difficulties or troubles of exchange, it is a mere matter of business.

Fourteenth Day. 16*th April*, 1896.

Witness: Captain HEXT, R.N., Director of the Royal Indian Marine.

Mr. Naoroji examined the witness as follows:

7,130. Mr. Naoroji: We have been considering that when the British exchequer disburses any expenses which are considered to be for the purposes of both British and Indian Governments or British and Indian people, the British exchequer claims

* Appendix No. 45. Apportionment of Military Charges, p. 269.
† " " " " " p. 253.
‡ " " " " " p. 293.
§ " " " " " pp. 270 and 277.

a portion from us; that is to say from India. On the same principle would it not be right that whenever any disbursement is made by the Indian exchequer, for purposes in which both are interested, that the British exchequer should take a share of it also on the same principle?—That undoubtedly seems fair.

7,131. Are there any Indians employed in the Navy, or in any of those ships about which we have been discussing all along?—In the Indian Marine, the service belonging to the Government of India, the crews are almost entirely composed of natives of India, and in the Defence Squadron there is a small number of natives employed; in the Royal Naval Squadron proper no natives are employed.

7,132. I am specially asking for that portion for which we are called upon to pay this apportionment, and that is especially the Royal Navy Squadron?—That is the Royal Navy Squadron.

7,133. There are no natives at all?—With the exception of one or two cooks and servants, none.

7,134. Virtually, there are no Indians employed at all?—No.

7,135. And though India is called upon to make this contribution or apportionment towards the expenses of the squadron, India itself cannot get any share out of the service for which India contributes?—Except, of course, the defence of their coasts, their trade, &c.

7,136. Then that defence is also for the common purpose of defending the British rule in India. We are now going upon the supposition that both are common parties; it is for the interests of both, and wherever any disbursement is made, either by the British exchequer or the Indian exchequer, that the apportionment should be made on both sides?—On both sides, yes.

7,137. I suppose in Australia, the Royal Squadron that is placed there, of course, Australians are quite free to be employed in every way on that squadron; they would be able to get in; they would not be prohibited or completely excluded as the Indians are from the Royal Squadron?—No; the whole of the Australian Squadron, as far as I know, is manned entirely from England, not from Australia.

7,138. But would there be anything to prevent the squadron from being manned there by Australians if the Australians offered themselves?—I cannot answer that question.

7,139. But there would be no objection to employing any Australian, either as a man or officer, if any Australian were here and offered himself as a sailor or joined; he would not be prevented as an Indian would be prevented. An Indian would be told, "No, you cannot come in?—I think no sailor would be taken in the English navy for the Australian squadron unless he had gone through the training ships at home (I am speaking from my memory of my service in the Navy) and had come home for that purpose; he would not be entered in Australia.

7,140. But an Indian cannot do even that; he cannot be trained at home because he would never be admitted?—I cannot say whether the Admiralty would admit them or not; I think not.

7,141. I know in the Army they are not admitted, and I suppose it is so in the Navy also.

Other Commissioners took up the examination of the witness upon the subject of the apportionment of charge between England and India in connexion with the employment of the Navy in Indian waters and the Persian Gulf. It having been stated that India undertook to perform duties with regard to the Naval service, Mr. Naoroji remarked:

7,180. We were told just now that India took all those duties upon itself. Was it not rather that the British rulers put upon India those duties than that the Indians undertook all those duties of their own defence, and so on?—Sir Edwin Collen: I have never been in the secrets of the Government; I could not give an opinion upon that.

7,181. It is a mere matter of fact that all that is imposed upon the Indians is by the Government. The Indians themselves have no voice whatever in it. It is said also that the members of the Empire are on the same footing as any other Colonial people; is it so? The Colonists are their own masters; they did not submit to the British Government here to dictate to them, and at last the British Government was compelled to give them their own government. Is India in that condition? I presume the British Government do it for their good; not only for the good of the British Government, but for the good of the Indian people.

7,182. But for the British supremacy and the British rule and that, they ought to take their own fair share in everything that is done?—I am not a member of the Government and I cannot give any opinion. I do not know what the intentions were in the the least.

Fifteenth day. Thursday, 23rd April, 1896.

Witness: Mr. STEPHEN JACOB, C.S.I.

The witness was examined at length by the Chairman and other Commissioners upon the Debt services. Mr. Naoroji then proceeded to question Mr. Jacob:

7,507. Mr. Naoroji: Is it not because of the conviction of the people here that the Indian Government are despotic enough, and powerful enough, to exact any amount of money from the people to pay their debts that there is all this confidence in what is called the credit of the Indian Govermment?—I should not put it in that way.

7,508. Then will you kindly give me those figures again of the debt held in this country by Europeans and by Natives?—Yes, Rx. 25,000,000 held in London, Rx. 48,500,000 held by Europeans in India, and Rx. 29,500,000 by natives.

7,509. Out of this £29,500,000 held by natives, can you give us any idea of how much is held by the native States and subjects of native States?—No, I could not do that.

7,510. You cannot?—No.

7,511. Because every Native State invests its balances very largely in Government of India security; and can you in any way give us some idea of the amount that is held by those foreign Indians) as we may call them?—No, I cannot give that information.

7,512. No, well I can say that it must be a very large portion, and, therefore, strictly speaking, the people of British India, who are special subjects of the British Empire, give but very little towards these loans?—I do not know at all what the proportion is that is held by natives of British India.

7,513. It must be, at least, not as much as £29,500,000, because the Native States do hold a large amount?—Yes, they certainly do hold some portion of that total.

7,514. I suppose that there must be information enough here to give us the figures of what is held by the different Native States?—I do not think there is any information of that kind.

7,515. They have got all the information by the Residents of the administration of all the native States. You cannot give it, but there is one thing certain that there is a large portion of this debt held by, strictly speaking, foreigners, either European foreigners or Indian foreigners?—Yes, that is so.

7,516. The people of British India itself can hold but very little?—Yes, that is so.

7,517. Then with regard to any accumulation of capital in British India, we have first to take into account that there are something like 200,000,000 of rupees paid to Europeans, military and civil Europeans, and that goes to the benefit of Europeans, and is entirely taken away from any accumulation of capital that the Indians themselves can make, is it not so necessarily? The natives have to pay 200,000,000 of rupees every year for the salaries of Europeans?—I do not remember the exact amount, but whatever it is, a very large amount of it is spent in India.

7,518. Yes, but it is for the consumption of the Europeans, not for the consumption of the natives. Every European consumes so much which a native would have consumed, had that European not been there occupying his place in the services in India. It is a mere matter of fact, of course, there is no opinion in the matter?—I do not quite understand what part of the question I am to answer.

7,519. What I mean is this; with regard to what is spent outside, of course there is no question in your mind, such as all the savings which are remitted to this country, and all the pensions which are paid here; that, of course, is a pure loss from the country, a pure drain from the country, is it not? It goes clean out of the country?—It goes out of the country, as far as the Europeans are concerned.

7,520. Of course we are talking only of Europeans, and

what is spent by the Europeans, there is also depriving natives who would have occupied their places, had they not taken these places themselves; that is clear?—No, I should not admit that.

7,521. Take, say, any European who gets his 1,000 rupees now; if instead of that European, it had been a native he would have got his 1,000 rupees, and he would have been provided with all that he wanted; whereas he is now deprived of it and the European gets it, his food or his shelter?—But the European spends a great deal of that salary in India.

7,522. Yes, but it is spent for his own consumption, not for the consumption of the native?—For the advantage of the native.

7,523. He consumes so much food, he consumes so much this, that, or the other—whatever is enjoyed by that European is so much taken away from a native who would have occupied that place?—As far as the expenditure in India is concerned, it is just as much for the benefit of India whether it is by a European or a native, I should say.

7,524. Yes, but his expenditure means so much consumption of the material products of the earth—he consumes so much, either in services or in whatever he consumes—which a native would have consumed if he had not been there, is not that clear?—It is clear, as a matter of fact.

7,525. Yes, well that is all I want; as a matter of fact it is clear that it is so. Now is there any indication therefore from this debt, that, because India is able to borrow so much money, that it in any way proves that British India—the Indian people of British India—have made any accumulation of capital, when they have to part with 200,000,000 of rupees every year merely for salaries? I have made no assertion about that.

7,526. You cannot say; there is nothing to prove that British India and the Indians of British India are making or accumulating any capital?—There is nothing in these particular figures.

7,527. There is nothing to show that?—No.

7,528. It cannot be asserted positively that it is so?—I think it can be asserted. I say in these figures there is nothing to prove it.

7,529. These figures do not prove anything of the kind?—No.

7,530. That is all right. Then it is said, although Australia makes capital, still it finds it cheaper to borrow from a different country in the same manner. Can we say that India is making capital, and that it only comes to England for the purpose of borrowing cheaper? Or is it because British India or the Indians of British India cannot find that money, that the Government are compelled to come here and get that money. It may be one of two ways?—We borrow in India when that is possible, because we then know exactly what our liablity is.

7,531. Yes, but when we borrow in India we find a difference that, though we borrow in India, we can hardly get it from the Indian people of the British territory. Can we get a return of the holders of any of this debt who are subjects of British territory and not foreign Indians or foreign Europeans; can we get some such return?—Possibly, some such return could be prepared.

7,532. It would be a good thing to know this exactly—what is drawn from the people of British India itself?—I will see if any information can be obtained; I do not know that it can.*

7,533. SIR DONALD STEWART: But that would not prove anything; it would simply prove that the natives of India do not like the low interest?—Yes, that is what I should say.

7,534. MR. NAOROJI: It is said because they do not like lower interest; it is simply because they do not have the money to give at lower interest. The capital is so small and, for business purposes, so insufficient, that the very commercial current rate—business rate—of interest is 9 per cent., is it not? All accounts between merchant and merchant are at 9 per cent. interest, is not that a fact?—The ordinary mercantile rate of interest is certainly much higher in India than in England.

7,535. Of course if they make a special contract for any particular lower interest, that is a different thing; but what is here supposed to be regular 5 per cent interest as between merchant and merchant, there is 9 per cent. interest; and even with this 9 per cent. interest the bankers actually who possess capital to any extent—I mean the Indian bankers—are able to get more than 9 per cent. because capital is so very deficient there; it cannot be accumulated because it is taken away from the country?—I do not appear as an expert witness on questions of political economy, and I can only say that my own experience after about 25 years in India is that there is certainly an accumulation of capital going on in British India, and that India as a whole is wealthier than it was when I first went there.

7,536. Can we have any proofs; can you show any increase?—As I say that is only my opinion.

7,537. It is merely an opinion, therefore, you cannot give any proof?

7,538. SIR JAMES PEILE: Have the imports and exports increased?—MR. JACOB: Yes, they have very largely increased.

MR. NAOROJI: Mr. Chairman, may I go into the subject of imports and exports now?

CHAIRMAN: I do not think it comes in at the present point.

7,539. MR. NAOROJI: Of these Rx. 29,000,000 we are talking about, I suppose there is some amount held in different kinds of trust?—MR. JACOB: Yes, some portion of it would be so held.

*It was found to be impossible to obtain the required information.

Sixteenth day. *Wednesday, 29th April,* 1896.

Witness. MR. STEPHEN JACOB, C.S.I.

The witness was examined upon the Commercial Services, and Railways and Irrigation works. It having been stated that the subsidised railways received land free of charge, MR. NAOROJI asked:

7,819. Did the guaranteed companies pay anything for the land, or was it given to them also free?—MR. JACOB: No, it was given to them free also.

Later, asked how the working expenses of the railway were paid, the witness replied:

By drawing on the Government treasury; the railway account is treated as a drawing account with Government.

7,965. MR. NAOROJI: Does the Government keep a separate account of what is spent in that manner in keeping the accounts of the railway income and expenditure?—Yes.

7,966. Is that included in the railway accounts?—Yes.

7,967. Or does it go into the Government revenue accounts?—It is not always charged against the railway concerned, but the total charge is shown against the railway revenue account.

7,968. In fact it is from the revenue of the country that this is paid and not deducted from the revenue of the railways?—It is shown against the railway revenue, but is not always charged against the revenue of the particular railway.

After further examination by other Commissioners MR. NAOROJI proceeded to question the witness:

8,161. Is there any portion of the railway capital held by the Indians of British India, do you know?—Some small portions certainly are. The shares in the Tarkessur railway in Bengal, I believe, are held chiefly by natives, and there are a few provincial lines in the North-West Provinces, shares in which are held by natives of India.

8,162. I am talking of the capital which we are speaking of as having been spent, the £246,000,000?—Yes.

8,163. And can you say what the amount is?—No, I could not say. I do not know how much is held in railways other than those I have just mentioned.

8,164. Are you able to distinguish how much of this capital invested by natives belongs to natives of Native States, and how much to natives of British India?—No.

8,165. You have no means of saying?—No, I have no means of ascertaining.

8,166. According to a return given here, we have got something like Rs. 1,16,00,000 paid in salaries to servants on railways. This is a Parliamentary return of salaries above 1,000 rupees per annum paid to servants on railways, and you have a total of nearly Rs. 1,16,00,000, and out of this more than 80½ lakhs, or nearly three-quarters, are paid to Europeans. In that case the Indians do not get the benefit of the amount spent in India so far as the *employés* are concerned?—I should not say that they do not get the benefit of it.

8,167. As employed by them, and having so much paid to Europeans, and not having the same employment which the Europeans occupy, if Indians were employed in this place they

would receive all this benefit of money expended in the country for the railways as in any other country?—Yes, if they were employed instead of Europeans; or rather, if they could be so employed, they would receive the amount.

8,168. They would receive the amount, and so that amount is lost both in amount as well as in employment to the Indians themselves?—I should not describe it in that way.

8,169. I am asking it as a mere fact that there is so much money paid to Europeans?—There is no question as to that fact.

8,170. Take for instance this country, or the United States, whatever is spent in connexion with railways is earned by the people of the country, and it goes every year to their benefit, although it may be borrowed money or their own revenue spent?—Yes.

8,171. And that is nearly three-fourths; then there is also £54,000 spent in this country in some shape or other, such as directors and their offices and other expenses?—Yes.

8,172. So it is nearly one crore of rupees which the people have to find which does not return to them, but goes to Europeans—as matter of fact?—That amount is paid to Europeans. Of that there is no doubt.

8,173. Now there is something like 200,000,000 of rupees paid in the various different services in India to Europeans. I mention that as a fact from this return?—I have not got the return, but I should not have thought the amount was so large.

8,174. And were Indians largely employed, and if even half of that had been saved to the Indians, would they not have been able to produce or supply more capital than they are at present able to do. They would have so much capital to invest in various ways, and during the time of the railway existence—all this money which has been paid to Europeans—had even half of it been paid to natives or saved to the Indians as their capital, they would have been able to supply a large portion of the capital required for the railways?—I really cannot say; it involves so many considerations.

8,175. There would have been so much more capital available in the country?—Not, perhaps, if the Europeans had not been there.

8,176. I say if the Europeans had not been there so far, and Indians had earned all that instead of 200,000,000, say 100,000,000 Indians had earned instead of all that going to Europeans who use it there and take it away from the country also?—If the Europeans had not been there, it is possible that the natives would not have been in a position to earn these amounts.

8,177. I beg your pardon; what is it?—The premise, as I understand it, is that the Europeans are not there to earn the money.

8,178. So many less employed, instead of to the extent to which they are. If that was done, and if the Act of 1833 were fairly carried out, without distinction of race or creed, in the employment of the Government services, so that more Indians would have been employed than Europeans are, and they would have been able, therefore, to save so much capital to the country itself, would not then Indians have been able to supply more capital than they are at present?—Possibly they might be. But this assumes that they could be employed in the place of the Europeans—that they could do the work.

8,179. At present, owing to this drain, there is much scarcity of capital in British India, and consequently the Indian capitalists can command a greater return for their little capital than they would otherwise do?—The ordinary rate of interest is certainly high.

8,180. The Native States have built mostly their own railways from their own revenue, have they not? Can you give any idea of what railways have been built by different Native States, how much by borrowed money, and how much from their own revenue?—I can give you the amounts expended by Native States on railways, but several of our main lines run through the Native States—the Rajpootana-Malwa, for instance.

8,181. Yes, but they are your own railways; I mean special railways built by Native States for their own territory?—There are such railways; the Nizam's State Railway, the Gaekwar's railways, the Kashmir and the Rajpura-Bhatinda Railways, and several other smaller lines.

8,182. And are all these railways built entirely from their revenue, or is any portion built by borrowed money?—Some of these have certainly been constructed from borrowed money; but I cannot state in every case the exact proportions of the capital which has been supplied from revenue and from borrowed money.

8,183. Well, I can just give a few figures with regard to one Native State. I have not been able to look into the railways of Hyderabad-i-Nizam, but I have got some figures of Mysore given by the Diwan last year, and it appears that they were able to raise a local railway loan, as it was described, of 20 lakhs of rupees, and they borrowed from the English Government a crore and 63 lakhs of rupees for railway purposes?—Yes.

8,184. Out of that they have already a sinking fund of 27 lakhs 81,000, for the loan from the English Government. They have themselves now from their own revenue spent 1 crore and 48 lakhs on the Mysore-Harikar Railway, and they have on other railways also invested 41 lakhs from their revenue only, and they have not spent nearly 16 lakhs from the loan which they have received from the British Government. The position thus stands that, out of the loan from the British Government they have 27 lakhs of sinking fund, and they have 15 lakhs in hand which they have not employed, so that we see that a large portion of the railway is built from their own revenue, and they are in a fair way of repaying the whole of the loan in this native State. We, in British India, do not appear to have any chance of coming to that condition of affairs?—I have no information about those figures.

8,185. Then in addition, on account of this guarantee to the loss that accrues from the necessity of paying up to the guaranteed interest, we have, as has been already explained, the additional loss of exchange on account of having these loans in sterling. We have a double loss; we have to make up the guarantee, which is in sterling, and then to pay in sterling; whatever may be the earnings in rupees, we must make it up in pounds, which is not earned, and, as it is called, a fictitious amount which we have to pay, which has already been discussed?—There is a double loss; first, in the payment of the sterling interest; and, secondly, in the fictitious rate of exchange which is applied in the calculation of surplus profits.

8,186. Then the question was put to you, I do not remember by whom, that taking the whole result of the railway expenditure and earnings up to this time, how much remains as a deficit to the Indian revenues which they have filled up, up to this time and which must be earned hereafter as a balance against us in favour of railways?—There is a net balance against the railways.

8,187. And how much do you think it is, taking the result from the beginning to the end of revenue?—I cannot state the amount offhand, but I will put in a table showing the net results of the railways as far back as possible.*

8,188. The extent of railways now in India is about 20,000 miles, is it not?—Up to the end of 1894 it was 19,000 miles; I daresay it is 20,000 miles now.

8,189. Have you any idea what is the extent of railways built in the United States about this time?—I have not any idea of the exact amount.

8,190. Then in the working of those railways, do you not think the Government, having direct or indirect control over it, should compel or insist upon the railways to adopt the most economical plan, and therefore largely employ Indians, and save as much as possible from the heavy expenditure. Would not that go a great way towards making the railways more profitable than they are at present?—I believe the policy followed both by the State Railways and the Companies is that they employ natives wherever they think they possibly can do so with due regard to both efficiency and economy.

8,191. Still, where you have three-fourths of the salaries paid to Europeans, as it is as present—within three or four years of this return—there is large room for Government as trustees of the revenues of the people to do their utmost to see that the railways are made really more profitable?—I think that the Companies certainly look more to their profits than to the employment of Europeans, and that they would employ natives wherever they thought it more profitable to do so.

8,192. Yes, that is more reasonable, it would appear, but with the exception of the Baroda railway, where there is a good manager who tries to make use of as large a native element as possible, they are not carried out. The great Indian Peninsula has different ideas,—I cannot mention them. Therefore, we have no capital invested by the subjects in British

* See Appendices 27 and 28.

India, and if the large amount that is paid in salaries to Europeans continues, and the indirect benefits that non-officials derive from the trade, and from all that they do there, because the British Indians are not able to compete with them, there seems to be very little chance that the Indians will ever be able to help themselves, and become owners of those railways, or to pay their debts, if this drain continues as at present?—Some of the capital is owned by natives of British India.

8,193. Natives of British India?—Yes.

8,194. Because I know natives of Native States and even princes of Native States hold very largely, such as, I think, the Mahárájá of Gwalior is lending a large amount of money to the British Government. Is it about a crore?—More than that.

8,195. Three crores?—The Gwalior loan of 1887 was 3½ crores of rupees, and there is also a loan from Maharaja Sindia for State Railways of 1½ crores.

8,196. The Mahárájá of Holkar has also lent?—Yes, a crore for the Indore State Railway.

8,197. Therefore we are in the position of borrowing from every quarter; when will we be in the position of Native States of taking from their own revenue and from their own capacity. As long as this drain continues there does not seem to be much chance?—Some of the capital of the railways is held by natives of British India.

8,198. Can you give us any idea of how much is held by them?—No I cannot state how much. The amount is not considerable for the reason you have already mentioned, viz., that the rate of interest in India, on good security, is much higher than that obtainable even on railway loans.

8,199. Sir James Peile: There are no limitations in the employment of natives on railways in India except their fitness, I suppose?—Mr. Jacob: That is all I know of.

8,200. Sir James Peile: And they would be cheaper than Europeans, if fit, and they naturally would be employed?—Mr. Jacob: I should think so.

8,201. Mr. Naoroji: If they are properly trained, and if there is a full fair opening left to the Indians, do you mean to say that the Indians—out of 300,000,000 of people in India, that you will not find a sufficient supply to do all this work as efficiently as any European?—Mr. Jacob: I do not pretend to give any opinion on that point myself. I should judge from the action of the railway companies, and railway managers in employing Europeans for certain posts, that that is the view that they take.

8,202. The guaranteed railway companies take very good care that as long as they get their guarantee and any benefit they do not care whether the Indians derive any benefit from the expenditure or not. It is an idea of patriotism among them to employ Europeans instead of Indians. You cannot say that the Indians will not be found competent to undertake the work if encouragement were offered, and if the proper class of men were drawn.

8,203. Sir James Peile: India has been developed by railways since about the middle of the century, has it not?—Yes.

8,204. During that time the opening of the railways has enormously increased the trade?—Yes.

8,205. India being an exporter of raw produce it has been particularly beneficial in opening up the country?—Yes, the railways have produced an enormous effect in that way.

8,206. Now, during the development of the railway system, have the natives taken any part in promoting undertakings such as railways?—Only, as far as I know, in the case of very petty undertakings. There is the Tarkessur railway in Bengal, which, I think, is mainly a native undertaking, and there are one or two tramways, I believe. But I cannot speak on this point with any authority.

Seventeenth Day. Wednesday, 6th May, 1896.

Witness: Vice-Admiral W. A. KENNEDY, R.N., formerly in command of the East India Station.

Several Commissioners had examined Vice-Admiral Kennedy upon the question of utilising Indian marine ships, such as the "Lawrence," in time of war. The witness's replies were to the effect that if such vessels were armed they must be under the orders of the Admiralty and not of the Indian Government. In reply to a remark of Mr. Naoroji's (8,473), witness stated that "In a time of war the Admiralty would arm the 'Warren Hastings' and the 'Clive,' they have their guns, and they are very smart ships."

The examination was continued with the object of discovering whether the duties of the squadron on the Indian Station were confined to that Station, or whether it was liable to be summoned to assist, in case of need, a Government, such as the Australian Government. Admiral Kennedy had replied that in case a difficulty arose at Norfolk Island and the Governor of New South Wales wanted a ship to go there, the vessel would be sent immediately, whereupon Mr. Naoroji asked:—

8,559. But you would have the power of refusing if you chose?—Vice-Admiral Kennedy: Certainly; it might be impracticable to comply for reasons of a naval character.

8,560. Mr. Naoroji: That makes all the difference?—Vice-Admiral Kennedy: Yes.

Later, with reference to the question of the employment of the Indian Squadron in other than Indian waters, Mr. Naoroji asked:—

8,575. Mr. Naoroji: Do I understand that the second complaint is that India gets no return?—That seems to be the complaint as far as the remonstrance goes; it was, "India gets no return."

Chairman:—You must read the words before "occasionally employed."

Mr. Naoroji: "Vessels not employed in the Persian Gulf are under the command of the Admiralty, and must be occasionally employed on other than Indian services." *See* Treasury so and so "for which India gets no return," and that I understand was the complaint.

Chairman: But the complaint is that they are occasionally employed on other than Indian services, for which India gets no return.

Mr. Naoroji: I merely wanted to know what the real complaint was.

The witness was further examined by Mr. Naoroji:

8,665. Mr. Naoroji: Does the Royal Navy admit any Indians in employment either as crew or as officers?—No, only as cooks and stewards.

8,666. One or two?—Plenty of them are employed.

8,667. Then that means that India should pay for that from which no Indians derive any benefit of employment?—But they do derive benefit.

8,668. I mean benefit of employment in the Navy. The whole employment must go to the benefit of the Englishmen, according to present arrangements?—No, they have benefit, because there are a great number of Lascars employed in the defence ships, for instance.

8,669. I mean in the Royal Navy, in the Royal Squadron for which India pays this £100,000 and £60,000; I am only talking of the Royal Navy, not the Indian Marine. They get no benefit out of this contribution which they pay for the Royal Squadron?—No, we do not ship natives as seamen in the English Navy because they are not trained for it, and in like manner, I conclude, officers; but Lascars are employed in the Defence Flotilla.

8,670. But is it simply because they are not trained, or is it a determination not to employ them at all? Facilities might be given for them to be trained; is facility given for them to be trained? I know of one instance where an Indian here wanted to be employed—I do not know whether it was exactly as a crew—in one ship, and he was distinctly refused; so, too, in the Army; they are distinctly refused to be employed at all, either in the Royal Navy or the Royal Army?—The natives of India are largely employed in the Army.

8,671. The native Army, but I am talking of the European officers?—Who wanted to join this army?

8,672. We will confine ourselves to the Navy?—Yes. I am not prepared to say whether an Indian gentleman who wished to get his son into the Navy, and who was prepared to send

him home to pass his examination—I do not know at all why he should not be admitted; there could be no bias against him. But I am only speaking without authority on the matter.

8,673. That is exactly what I wanted to know. As far as I understand he would be distinctly refused; if any Indian gentleman's son went home he would not be admitted to any training college or any place at all?—Oh, no; try it on. I am sure he would be heartily welcome: there is no feeling of that sort at all.

8,674. His "trying it on" means a deal of expenditure, therefore, can we not have any authoritative expression that, if an Indian came here and wished to enter the college and to be trained just as others (it would be no concession at all) that he would be freely admitted on the same terms as any Englishmen passing the same examination, and so on—Yes.

8,675. Till that order is made, or until that is publicly known, "trying it on" means simply expenditure and going back disappointed?—That could be ascertained quite well. I shall have very great pleasure in finding out for certain, because I cannot answer the question entirely myself.

8,676. I should be very glad if you would find that out?—I will find it out without any delay.

8,667. Assuming that India has an Imperial interest in the Royal Navy, there is so far an equal interest to Britain to maintain its rule also in India?—There is no doubt that Britons do take a great interest in India.

8,678. So far, assuming that the account is balanced with equal interest, is it not right that India should have a proportionate share of the benefits of the employment according to the money India pays? That will be answered if you will kindly find out what I have asked; I need not ask that any further?—Has an Indian man or gentleman ever expressed a desire, because it is rather springing a mine on one; I have never heard that they wanted to come, generally the climate is against it?

8,679. Not necessarily?—They would not like to leave their own home.

8,680. They believe that they would never be admitted?—I see; you start under the belief that there is a great bias against it.

8,681. Both in the Army and in the Navy?—But I do not think so.

8,682. I shall be very glad if you will find that out?—Yes.

8,683. Now it is said that when any expenditure is incurred by the British exchequer, either here or in India, in which both countries are interested, India must contribute a share; on the same principle does not justice require that when any disbursement is made from the Indian exchequer for any purposes in either country in which both countries are interested, the British exchequer should make a fair contribution?—It seems so.

8,684. In apportioning charges between Britain and India should not their respective capacity be taken into consideration? Britain is a vastly rich country, and drawing its riches largely from India, and India is an extremely poor country owing to Britain carrying away its wealth; should not Britain have some consideration for these circumstances?—Of course, these are really questions for experts, and it is the first time I have heard that India is a very poor country, or that it is drained for the benefit of England. I always thought that it was a very rich country and self-supporting, and that without England it would be in rather a bad way.

8,685. We differ very largely in that?—I do not see exactly what you are aiming at. Your contention is that if England had nothing whatever to do with India, India would be better off than she is now?

8,686. That is a different question?—That is what you are thinking of, is it not?

8,687. I say that, comparatively, Britain and India are very different in their capacity for payment or in their wealth. England, taking the expressions of Secretaries of State——?—Has a large swallow.

8,688. England is a very rich country, and India is distinctly poor, as Lord Cromer has stated. Now, I say that in apportioning charges for any purpose which is common to the interests of both, is it not necessary, as the Government of India has also asked, that their comparative capacity to pay must also be taken into consideration, and not merely the arithmetical division?—I expect that if I expressed any opinion upon that subject it would not be worth anything whatever; no one would pay any attention to it. I am afraid the Chancellor of the Exchequer would tell me to mind my own business.

8,689. That is true, but an English gentleman may express his views, whether the Chancellor of the Exchequer hears him or not?—I think you should put that straight to the Chancellor of the Exchequer, but not through me.

8,690. But, if I am supported by good English opinion, I might put it more forcibly to the Chancellor of the Exchequer?—Yes, but you must get an opinion that is worth having, and not mine, upon such subjects as that; it is quite valueless.

8,691. We have got here that they constantly use the words "Indian purposes" and "Indian requirements"?—Yes.

8,692. But is it not the case that there are two parties concerned in all these purposes: the English purpose, namely, the English rule, and the Indian?—Yes.

8,693. Therefore, whatever is supposed to be an entirely independent Indian purpose, as if it were the case of the United States or France, is it not right that in considering all these Indian purposes both these parties should take their fair share in everything that is for the interest of both; that is a question very similar to what I have already put, in fact?—Yes. That is the very reason why India pays this subsidy, because they ought to take their share.

8,694. In the same manner Englishmen ought to take their share for purposes for which India pays?—Of course, we do, because this £100,000 per annum must certainly be a very small proportion of the enormous burdens that England has to bear. And in alluding to Indian purposes, of course they would claim that all our squadrons are really for the benefit of India. We take so much interest and care of India that we keep up large fleets in the Mediterranean and all over the world, on purpose to guard India, which we do not want to lose.

8,695. Which we do not want to lose?—Which we do not want to lose. That is right; if we lost India we should put down a great many of our expenses; therefore all these questions are really Indian purposes, and the whole East Indian squadron is for Indian purposes, because they are looking out to prevent the enemy from coming and attacking India. Without that squadron we might have other people prospecting round the coasts of India and making themselves very disagreeable, no doubt; so that the indirect advantage that India gets from the English navy is enormous. I should say that if they really wanted to claim their just rights, they would be estimated at at least half a million sterling.

8,695*a*. I grant that India has so much benefit out of this squadron, but is not this squadron for the defence of India as much for the interest of England as of India? Is it not for the preservation of British rule, and therefore you pay a portion of the expense, I grant, in this matter?—Yes.

8,696. Well, in other matters there are other purposes also common to both, for which India alone pays, and of which Britain ought to take a share just on the same principle?—Yes. Well, I am not aware of such a case.

8,697. If there are cases, they should be fairly taken into consideration?—Yes, I should conclude so.

8,698. Now, in Question 6,908 we are told: "Then, summing the whole matter together, the cost of the Marine to you is 20 lakhs: there is the £160,000 which is paid as subsidy, which, of course, we must turn into rupees at the rate of exchange; there are the stores for India, £130,000, which we must treat in the same way" (stores, of course, is a material I have nothing to do with). Captain Hext answered, "The Marine budget is 19 lakhs." And then about the pensions he said they are something about 6 lakhs more. Now, considering the squadron expenditure is to be for common purposes, we contribute £160,000?—Yes.

8,699. Then, on the other hand, we spend 20 lakhs in India for the marine and other purposes in which both are interested, because any defence of India, large or small is for the purpose of defending British rule as well as Indian; therefore, should not the British Exchequer take a share in this 20 lakhs, in the same way as we take a share of £160,000 in the Royal Squadron?—I do not know exactly what you would propose, supposing the squadron was withdrawn, to substitute in lieu of this £160,000.

8,700. I do not object to the £160,000 at all, which I say is very properly paid, but I do object on the ground that there are common purposes, and that therefore the Government here supplies this squadron and undergoes certain expenditure, and

out of that expenditure not the whole, as I understand, but a portion of it, is paid by India, which comes to £160,000 ?—Yes.

8,701. Now, I say that the Indians spend 20 lakhs of rupees there for purposes of defence, harbour defence and coast defence, and so on, in which both parties are interested, whether the sum to be divided be large or small ?—Yes, but more especially the Indian, I suppose, who pays for his existence.

8,702. Your British rule is far more important to you than it is to the Indians. Would you care a single farthing if British rule were not there, to go and protect India ?—You mean that it is not entirely philanthropic ?

8,703. Supposing the British rule were not in India, would you care a straw to go and protect India in any way whatever ?—I do not suppose that we should go to a great outlay under such circumstances, if the Russians were in possession ; but, viewing from the Indian standpoint, they are very much better as they are than under any other circumstances, and therefore pay a very small percentage for protection.

8,704. I accept the Indian point of view as you put it ; I want the British point of view to be taken in the same way ?—I should say that that is a point I am not prepared to discuss.

8,705. I do not know what the British Empire would be if India were lost ; British India is of the highest importance to the British Empire ?—No doubt about it.

8,706. Then, with regard to the protection of trade, the question was 6,934—"Nor with the defence of Indian trade"—that is to say, was not the protection for the defence of Indian trade. Then the answer was : "The Indian trade is virtually English trade. It is all carried in English boats and paid for by English money. The Indian trade itself—of India itself—is next to *nil*." Do you agree with that ?—No ; there is a very large local trade in India, as you know. Perhaps you know Mr. Shepherd, who owns an enormous fleet of ships that never leave Indian waters ; there is the Pilgrim line that trades to Mecca, that is all Indian trade ; there are companies running up the Persian Gulf which are entirely owned by natives. Of course, the bulk of the trade starts from England, there is no doubt about that, and runs to Bombay ; and there is an enormous sailing fleet which comes round the Cape for Calcutta as well. But I suppose that a great deal of the money must remain in India, or in the hands of people of India, and there are a great many wealthy natives who are interested in these ships—largely interested.

8,707. What I want to say is this : the trade that is afloat, exports from India or imports into India from foreign countries—which is, in fact, the bulk of the trade ; the coasting trade is very little compared with it, and most of this trade—first of all, the whole shipping—is entirely English interest ?—Yes.

8,708. With no share at all of the Indian in it. Then the cargo also, as long as it is floating on the sea, is primarily at the risk of the East India banks and of the English marine insurance offices, because the East India banks, which are, strictly speaking, British interest, supply all the money for the exports or the imports. Therefore, what I mean to say is that while any cargo or any ship is floating on the sea, it is essentially primarily a British interest and British money is concerned in this ship and cargo ; and, therefore, I said that Captain Hext was quite right in saying that the Indian trade, strictly speaking, was *nil*, or very little, compared with the whole British risks that are involved in the whole of the foreign trade of India ?—Yes. I do not know what he means in saying such a thing ; it may be the case.

8,709. What I say is this : that when we are told that the squadron is needed to protect trade, it is forgotten that this trade is mostly British trade, or almost wholly, and very little Indian interest in it ?—I suppose these ships pay duties in bringing their cargoes to India, do they not ?

8,710. I am talking of the ship and the cargo while it is on the sea, and when the squadron is expected to protect it. While it is on the sea the interest is of British capital almost entirely. Of course, I may take you through the whole process of the transaction in order to explain that to you ?—I will take your word for it. Your argument is that the Navy is no good to India at all.

I do not mean to say that it is no good to India at all ; we are paying this share, but at the same time I say that the argument which is constantly urged, that the Navy is necessary to protect the Indian trade, the East Indian trade, is a very misleading one ; the real interest of the capital that has to be protected is almost wholly British. I wanted to make a correction of your expression "Indian trade."

8,716. Mr. NAOROJI : If in former days the British Government imposed any particular taxation, does it mean, therefore, that that is a justification, whether it was right or wrong, for future conduct of the same kind ?—I do not know ; I am not an exponent of the views of the Government.

Eighteenth Day. Wednesday, 13th May, 1896.

Witness : MR. STEPHEN JACOB, C.S.I.

The witness was examined as to the Irrigation Works of the Government of India. Mr. NAOROJI proceeded to question the Witness :—

8,960. Mr. NAOROJI : Were some of these irrigation works originally old works upon which only a small amount was expended ?—Some of them were old works.

8,961-2. And the capital, that you are including, only is that which is actually expended by you ?—That is so.

8,963. Therefore, the interest calculated on that will not be quite fair to revenue as so much interest on the capital ?—I believe that it is considered by experts that in most cases the expenditure incurred by Government on such works has been almost as great as if they had been constructed *de novo* by them. There may be some exceptions, but I understand that, as a rule, the existing works have been practically reconstructed.

8,964. What I mean to say is, that the revenue is calculated simply upon actual expenditure ?—Yes, simply upon the amount expended by the Government of India.

8,965. All the previous preparations in olden times are used now, and for them no capital is calculated ?—That is so, yes.

8,966. Mr. JACKSON : Except in so far that you qualify that statement, as I understand, by stating that, in the opinion of the engineers, the cost of reconstruction has been probably as large as it would have been to have constructed the works in the first instance ?—Mr. JACOB : Yes, I believe that to be the case.

8,967. Mr. NAOROJI : That is in some cases ?—Mr. JACOB : In most of the cases, I think, but there may be some exceptions.

8,968. Some of the old canals and irrigation works in the North-west Provinces have been brought into use and reconstructed, I may say, with the same amount of expenditure as if you had built them anew ?—I cannot speak on a matter of that kind from any personal knowledge or with any authority, but I have certainly seen a statement to the effect that most of them have been reconstructed at a cost which brings a fair charge against the capital.

8,969. It would be very desirable to know the facts accurately, because I have understood it differently ?—I will see if I can obtain any definite information on this point. Some irrigation works, however, certainly were constructed by old Native governments.*

Later.

8,995. CHAIRMAN : Are any of the irrigation works in India now worked by companies, or are they all the property of the Government ?—They are all now the property of the Government.

8,996. Mr. NAOROJI : They were first started by companies, were they not ?—The only irrigation companies which carried out works in India were the two which I have already mentioned, the East India Irrigation Company and the Madras Irrigation Company. But Government were constructing irrigation works before they were in the field.

8,997. Those companies did not succeed in making anything out of them, and they sold them to the Government ?—Yes.

8,998. Can you give us the figures of the amount paid by Government, and on what principle ?—I have already given the figures ; they were £1,044,000 for the Orissa works, an £49,000 for the Sone works of the East India Canal, and £1,404,000, plus the writing off of a debt of £358,000, to the Madras Company.

8,999. And what was the market value of those works at the time when the Government bought them over ?—That I cannot say.

8,999*a*. It would be worth while knowing what the market value of them was at the time, and what the Government paid for them.

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* See Q. 9,645 *et seq.*

9,000. Sir Ralph Knox: They were not yielding any profit at that time?—No.

Sir Ralph Knox: The market value cannot have been very much.

9,001. Mr. Naoroji: They were not yielding any profit at that time, but what was the price of the shares in the market?—As I said before, I think, various complications had arisen as to the method of carrying out the works, as to the raising of the further capital required for them, and, in the case of the Orissa Canal, also as to the assessment of the revenue, owing partly to the tardiness of the people in making use of the water and partly to the fact that the irrigation revenue and the land revenue are so much mixed up, that it is very difficult for an independent company to levy its rates separately in any way which would be considered fair by the Government.

Later.

9,018. Mr. Naoroji: Is it true that by the action of some of these irrigation works a large extent of land has become sterile and cannot be cultivated any more under what is called Rhea, I think?—I believe that that has been the case in some parts of the country.

9,019. Can you give us some information about it, as to what extent that effect has been produced, and which canals have produced it?—No, I have not got that information.

9,020. Is it only one canal, or is it more than one?—I really have no accurate information on the point, but I believe it is only in one case that any great inconvenience has resulted.

9,021. It would be better to know that accurately, because there are some strong impresions about it?—I will inquire.

Nineteenth Day. Tuesday, 19th May, 1896.

Witness: Captain HEXT, R.N.

9,516. Mr. Naoroji: Now, it is generally stated that the Imperial conditions have very much changed, and that, therefore, all the interests of the British Empire having increased, the Indian Empire must contribute to all those increased interests. Now, would Britain hold that all the interests that have arisen from change of time and circumstances have not arisen from the interests of Britain herself; that is to say, her rule in the Indian Empire and her position in Europe and her own condition?—I am afraid I am not a polician; I can give no answer to a question of that sort.

9,517. We are often told about the common interests of the Empire in which India is interested, but where India and England both are interested, is it not proper that England should take a share instead of putting the whole burden upon India?—I should say most assuredly.

9,518. In all the common interests, yes. This is a question based upon the award, and the award is before us, so I will put the question now. Is not the whole award based one-sidedly on the fallacious assumption that India is an independent country, master of itself, of its own resources, and having her own benefits at her own command, instead of being kept down in helpless subjection by Britain, and Britain having most vital interests of her own at stake, as well?—I do not quite follow you.

9,519. I am taking the whole award. Is not the whole award based on a one-sided fallacious assumption, namely, that India is an independent country, master of itself, of its own resources, and having her own benefits at her own command, when in reality she is kept down in helpless subjection to Britain, Britain having most vital interests of her own at stake, and Britain having the whole power to do what it likes with the resources of India? The fallacy lies in this, that India is considered as if it were negotiating independently on her own strength with an equal power. That is the whole drift of the whole award, and therefore she is made to pay the whole cost of the armament and of the naval supply with which we are now dealing?—If you ask me if I think the award a strictly fair one to India, I should say no.

9,520. If India is asked to take a share in all Imperial burdens, is it not right and just, therefore, also that India should have all Imperial rights in all the services, Army, Navy, Civil, of the Empire, because she is often told that she is a part of the Empire and she must contribute to the defence, and the words there are "general defence of the Empire"?—I think that is a question I can hardly answer. As I said before, I am not a politician, and I do not study these questions.

9,521. Then the same remark I may apply to the Conference, whose decision has been constantly appealed to in the whole controversy, that the Conference has gone entirely on the assumption that India was, as it were, an independent power to negotiate with, and that India therefore has certain responsibilities as one who has its own resources at its own command. If that is not accepted, if that is not correct, then the whole decision of the Conference goes for nothing?—There were members of the Conference representing the Government of India, though no one was actually sent from India in the same way as from Australia.

9,522. But then the Government of India, or the Secretary of State for India, are a department of the British rule, and they do not represent, as Mr. Gladstone himself admitted, the interest of the Indians, as an independent Indian nation altogether; it is all subservient to the British rule and British power and British interests?—They are governed by England.

9,523. Without any voice in the disposal of its resources?—Except that the Government of India watch the interests of India as closely as possible in every possible way.

9,524. Yes, all the departments that have been discussing this question have been all acting upon that principle of getting what they can out of India, but they have never recognised the principle that whatever is done in India for the interests of both—that is to say, both for the British rule and for India itself—that the British exchequer also should contribute. That point has not been touched upon by any one of the controversialists; can that be fair?—I have never sat on any board of the sort; therefore I cannot give an opinion.

9,525. I am only talking about the correspondence as it is here. This correspondence does not show in the slightest degree that either the Government of India or the other parties have taken that view of it. Well, then, it is said here that India has to pay the whole cost, effective and non-effective, of this armament. Now, is not this the same one-sidedness upon which the whole of this controversy is carried on, ignoring all along the interest which Britain also has, even more vitally than India, in all the interests for which those services are required, small or large?—I do not think I am capable of giving any opinion except on the matters which have already been placed before the Commission where I have endeavoured to show the Indian point of view.

9,526. From the Government of India point of view, not the Indian's point of view?—Yes and also the interests of the people of India.

9,527. Yes, but the interests of the people of India have had no expression whatever, either in the Conference or on the representation for the award or in any way whatever, so you can hardly know what the interests of the people of India were. I am talking more of the Government of India in that respect. Then, in a Treasury letter to the India Office, these words occur, "securing to India an effective voice in its control." "The principle that India ought to pay for the whole cost of the squadron was admitted at the Conference, with the proviso that its composition was to be revised, and that arrangements were to be made for securing to India an effective voice in its control." Now, is not this expression and the whole reasoning in fact utterly misleading—"securing to India an effective voice in its control"; is it not simply the voice of the British by means of its own agents, servants, and departments? There is no voice of India itself in the matter at all, while the British public understands it to be the voice of India, when it is very well known that the whole resources of India are entirely at the disposal of the British authorities, and to say that the Government of India echoes the voice of India is what Mr. Gladstone has called a paradox. Now, with regard to comparisons made with Australia; constant comparisons are made, and arguments are based upon them; but should not this be borne in mind, that Australia is its own master; whatever she does is within her own power, will, and voice; she can do whatever she considers for her own interest. Also an Australian has access to every and any service of the empire. Well, have the Indians any such power, will or voice? Has India any command of her own resources? are they not entirely at the mercy of the British, to be disposed of at their own sweet will, and, as far as possible, to their own interests? and the Indians also have no access to all the Imperial services of the empire. Now, is not this fact a contrast between the two If India were in the same position as Australia to speak her

mind and to act according to her own interest, the case would be quite analogous and right; but as it is at present, to treat India as Australia for British purposes, and then to treat India as it is actually treated for Indian purposes, is it not altogether unfair? Then the words "Indian purposes" are constantly used here, on which the Conference and the award are based, but what does this "Indian purposes" mean? does it mean that in all those purposes Britain has no share whatever in its own interest? should it not be called "British and Indian purposes," and instead of putting the whole cost of the squadron upon India alone, should it be divided between the two in some fair ratio, according to the capacities of each and according to the interests of each? The word "Indian purposes" is entirely misleading?—The word "Indian purposes" has been the rock upon which the whole controversy has set in.

9,528. And it is wrongly interpreted all along, and upon that fallacy is the whole award and the whole conference based. Now, taking the passed instances of the East India Company spending a certain amount of money, the contention that we ought therefore to be prepared to spend the same amount of money now. I will just take one instance in the last century—the British Administration was the most oppressive and the most plundering that has ever existed in the world (those are the words of the report of the Directors, not mine). Now, would the present Royal Lady Empress follow such an example? Certainly not. Then in the same way, supposing the East India Company of their own free will and of their despotic power, which they possessed, had done certain injustice to India before in compelling her to find everything for their own interest; would it be right for the Victorian rule to follow the same precedent and say to us that, as we spent so much before, we must spend the same amount now?—I think the whole of my evidence before the Commission goes to show that I wish to see fair play between both; I hope so.

9,529. I do not know whether it is said in the award, or not, that the arrangements made in 1861-62 were not binding on the British Government; however, on the same ground shall I say that, referring or appealing to past evidence, whether right or wrong, just or unjust, in order to strengthen the position which the Admiralty takes up here, is not fair. Well now, with regard to Australia again. Here are a few words, which I will just quote, which explain the whole position. Mode of calculating the cost, paragraph 3, page 53: "Under the agreement arrived at in March, 1890, the charge against India is to take the form of the whole cost, effective and non-effective, of certain ships. My Lords remark that the maximum calculation by the Admiralty of this cost seems very moderate." These sentences need not be quoted; what I want is the following part. "To compare it with the charge made to the Australasian colonies for the increase of the Australian squadron is irrelevant, because that charge does not pretend to represent the whole cost of the ships, but is what the Australian colonies were willing to pay and Parliament thought it expedient to accept." Now is not that a comment upon the position of Australia and India, that from Australia the Government here can only get what they will give, and from India they may take whatever they like. They cannot make Australia pay whatever they like. Well, I think I will stop here.

The examination was continued by other Commissioners. Mention was made of the protection afforded by the Navy to Indian and British trade.

9,542. Mr. Naoroji: But while this trade which we are now considering is under protection, is it not entirely the British interest of the East India banks and the insurance offices—the whole cargo is entirely a British interest while it is floating and while it is under this protection?—Captain Hext: I think that is going a little too far, there is no doubt India has an interest in the cargo if they have sold it; otherwise it would not produce it.

9,543. That is true, but that is not the question. The question is, while under this protection, is it British interest or Indian interest, that is the question; while under this protection it is entirely British interest.

Chairman: Well, Mr. Naoroji, you see there is a difference of opinion; I should say exactly the contrary.

Mr. Naoroji: I only say what my opinion is, as a matter of fact.

Chairman: It is entirely in the interest of India that it comes over here. India is interested in selling her corn and cotton, which add immensely to her wealth; and as much as any country in the world she is interested in her foreign trade.

Mr. Naoroji: I will admit all that, but the question is simply this, that with regard to this protection of trade, at the time this protection is given to the trade, it is entirely British. It is with that point that we have to deal.

As to the apportionment of the charges of the expenditure on the Navy between Great Britain and India, Mr. Naoroji asked:

9,606. With regard to dividing, should not the amount be divided, because all those interests are not merely Indian interests, but joint British and Indian interests?—I think, whenever they were joint interests, that the cost should be borne by both sides.

9,607. Then, if we are asked to take a share in the expenditure for the protection of trade, must we not then have a fair and full share in the service which protects, and to which we are asked to contribute?—I do not quite follow you.

9,608. The navy is to protect the trade, as it is said?—Yes.

9,609. And we are asked to contribute to that protection; then should we not have a share in the service itself, which is to protect, that is, in the Navy?—A share in what.

9,610. In the employment in the service as officers, as crew, in every way, fully; if we are asked to contribute we ought to have a share of the profits, also of its employment?—The natives of India, as a rule, are not at all suited to a sea life.

9,611. That is not the question; supposing that they want, is it open to them—should it not be open to them, they must have a fair share?—If they were thoroughly efficient there is no doubt they would have, yes.

9,612. That is just the thing that they are not at present. Very well, then is not everything that is important to India as important to Britain, just as long as it has its own rule and power in its great Empire of India?—I should say the interests of the one were bound up in the interests of the other.

9,613. Indissolubly bound up, as Lord Roberts said?—Quite right.

Twentieth Day. Wednesday, 3rd June, 1896.

Witness: Mr. STEPHEN JACOB, C.S.I.

Asked by the Chairman, with regard to a question put by Mr. Naoroji on a previous occasion as to the total loss incurred on the railway revenue account from the first construction of railways in India to the present time, the witness put in tables for a period of 38 years (from 1858); whereupon Mr. Naoroji asked:

9,640. Did not the Great Indian Peninsular commence in 1853-54, between Bombay and Tana, I think?—Mr. Jacob: I believe portions of the guaranteed railways were open before this account begins; but no charge to the Railway Revenue account was made before that.

9,641. Chairman: That was 1858?—Yes, 1857-58. There must have been charges for interest before that. And as soon as any portions of the lines were opened, there must have been traffic receipts and charges. Even in this account there was a net expenditure for the first two years without any revenue at all.

9,642. Mr. Naoroji: Then the charge before 1858 is not included in this?—Mr. Jacob: it is not included in this statement.

9,643. Mr. Naoroji: I think that those earlier years might be added as well, in order to show the full extent that has been drawn from the revenue?—Mr. Jacob: I will see if I can find any information about that.

9,644. Chairman: Perhaps it would be better if you made it clear on the head of the account that it begins with 1858?—Mr. Jacob: Yes.

The witness made a statement with reference to the dealings of the Government of India with the East India Irrigation Company, after which Mr. Naoroji asked:

9,654. Could you tell us what the market price of those

shares was at the time this money was paid over?—No, I do not know what the market price of the East India Irrigation Company's shares was.

9,655. Did I understand you rightly that the Government, when this company was started, was in no way responsible, that they did not guarantee them in any way whatever, that the Government was entirely free, and that it was entirely on account of the company itself that the scheme was started and carried out?—I do not think it could be said that the Government had no responsibility whatever, but it did not guarantee any interest on the capital.

9,656. They did not guarantee the interest on the capital?—No.

9,657. They did not guarantee the payment of capital at any time, nor guarantee to pay a certain interest to the shareholders at any time?—No, there was no guarantee, but the Company entered into a contract with the Government regarding the construction of the canal, and Government provided them with land and gave them various kinds of assistance.

9,658. Government gave them some assistance, but Government was not in any way bound to recoup them for any expenses they might incur, either interest or capital, as I understand it?—No, there was no guarantee.

Later, Mr. Naoroji asked, with reference to the canals of the East India Irrigation Company:—

9,667. Has it ever happened that during the drought the canals themselves wanted water and were not of much use?—I am afraid I cannot give any evidence about that.

The witness was asked by Sir Ralph Knox if any of the expenditure incurred upon the Orissa Canal Works had been charged against the Famine Insurance Fund, and the reply was, "I do not think so."

Mr. Naoroji thereupon remarked:—

9,686. There is a column at page 11 of Sir H. Waterfield's paper, Table 5, Construction of protective irrigation works, under the heading, "Increase or Decrease of Expenditure on Imperial Account in India on Famine Relief and Insurance." This would show that there is some expenditure incurred from the Famine Relief Fund on account of irrigation?—Yes, there is some expenditure, but not on account of these works.

9,687. I understood you to say no?—No. I think Sir Ralph's question was whether there was any expenditure on these particular works which had been charged to the Famine Relief Fund.

9,688. Sir Ralph Knox: Yes.

The witness was examined by the Chairman upon the expenditure of the Education Department of the Government of India. Asked if the figures presented included the whole of the expenditure on education, the witness replied in the negative, stating that there was also expenditure from municipal funds, which was not charged in Government accounts. "Local" rates were also mentioned as contributing towards Education.

9,911. Mr. Naoroji: Local rates and municipal rates are different from each other?—Yes.

9,912. Local rates are levied by the Government?—Yes.

9,913. Chairman: But they would not be included in this budget?—Mr. Jacob: The local rates, as distinguished from municipal rates, are. The local rates are not included under the head of Education, but the Education charges against them are.

9,914. Chairman: Would this Rx.1,469,000 include any expenditure upon village schools as apart from municipal schools?—Mr. Jacob: Yes.

9,915. Mr. Naoroji: But they are not included in the receipts which are locally raised?—Mr. Jacob: They are not included in Education receipts; they come under Provincial Rates.

9,916. Mr. Naoroji: Yes, and are not included in the education receipts?—Mr. Jacob: No.

Later.

9,963. Mr. Naoroji: Can you give something like the whole of the Government expenditure, including those provincial rates, on education of every sort, on every grade of education, per head of population. I am talking only of the charge, the whole Government charge, including grants in aid and grants to the universities and the higher schools and technical schools of every kind?—I have not got it worked out.

9,964. Will you be able to give the total per head?—In each province?

9,965. In the whole of India, taking the whole educational expenditure?—The rate per head of the educational expenditure of India?

9,966. Yes; the rate per head of the educational expenditure of India in every form disbursed by Government, including grants in aid?—I will endeavour to put in a statement.

9,967. Chairman: That is to say, you mean the Rx. 1,470,000 which is put in the Budget, and the Rx. 235,000 which is not in the Budget?

9,968. Mr. Naoroji: The latter is the municipal expenditure; I am not including that. I mean what is disbursed by Government, from the Government taxes, per head of population, and also a similar expenditure in this country by Government from taxes, so as to make a comparison between the two countries.

Again, Mr. Naoroji asked

9,983. The whole expenditure on education is very small compared with the whole population?—Yes that is so.

9,984. It requires very much enlarging, if possible, and I think Government would be only too glad to spend more money if they had it?—I think Government would very much like to see the people take up education themselves, and not depend so much upon the expenditure of Government money.

9,985. But if the people are so poor in British India, it is impossible either for the people or the Government to spend much on education, especially when a great deal is spent on warlike operations and in other ways?—No doubt the poverty of the people affects the amount which they can spend on education.

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9,990. Mr. Naoroji: You can give the general proportion of the grants in aid to the whole of the Government expenditure—Government expenditure is not all grant in aid?—No; Government expenditure is not all grant in aid.

9,991. Then what is grant in aid out of the whole Government expenditure, you can give that?—I have given that already.

9,992. Mr. Mowbray: Are any grants made to educational establishments not in British territory?—They may be made in a few cases where there are political establishments, but they would be quite exceptional cases.

9,993. Mr. Naoroji: Do you think there are any cases?—I think there are, but I think that probably the charge is in such cases covered by local receipts.

9,994. Outside of British territory?—Yes.

As regards the pay of Army chaplains, it was remarked that the civil community was a well-to-do body who could well afford to pay for their own religious ministers, but it was suggested that they were a shifting body of people, always changing and that from such a body it would be difficult to provide a minister's stipend. Mr. Naoroji remarked:

10,047. In the Presidency towns, the population is not very shifting—Yes, I should say it was shifting there too.

10,048. The European population—the civil population?—Yes; I should say the civil were too.

10,049. So far as the the principle of attaching chaplains to troops alone was concerned, it would not matter whether the Presidency towns had a chaplain or not for the purposes of civilians?—Presidency towns could support their own chaplains, I suppose.

It being suggested that the public Treasury in India made larger payments for endowment for Hindu and Muhammadan religious purposes than for the English clergy, the witness replied that

beyond remission of land revenue, there was no direct payment for such purposes.

10,060. Mr. NAOROJI: At the same time, these endowments originally existed; they have only passed over into the hands of Government, have they not?—They are merely the continuation of endowments which existed under former Governments.

10,061. CHAIRMAN: And they are charged on gross revenues, are they?—I think they are granted chiefly in the form of remissions of revenue.

The accounts of the Medical Department were next examined.

Mr. Naoroji asked:

10,102. The expenditure on educational medical establishments, such as colleges, is included in the educational amount, is it not?—No, it is included under Medical.

10,103. And medical colleges are not included in the educational grant of Rx. 1,400,000?—The charges for medical schools and colleges come under the head of Medical, not under the head of Education.

10,104. Are they not included under the total of Education?—No.

Twenty-first Day. Wednesday, 10th June, 1896.

Witness: MR. STEPHEN JACOB.

During the examination on the subject of civil furlough and absentee allowances:

10,275. CHAIRMAN: The rules for Indian native civil servants are rather more restricted, are they not, than those of Europeans? In the matter of furlough the rule appears to be as follows: "On private affairs leave may, as in the case of other covenanted civil servants, be granted for six months at a time after intervals of six years, but not in any case until six years' service has been rendered." I understand that to be the same for the European and the native. "Furlough not exceeding two years in all may be taken in periods not exceeding one year at a time, the first after ten and thereafter at intervals of at least eight years; but if none is taken for 18 years, two years' furlough may be granted at once"?—Yes, those are the rules for officers who have entered the Civil Service, not by passing the examination in this country in the same way as Europeans do, but simply by nomination.

10,276-7. Mr. NAOROJI: For this furlough there is a certain amount to be paid on the ground of compensation for exchange, is there not?—The rate of conversion is fixed at a special rate of 1s. 6d.

10,278. And that is fixed on account of the fall in exchange?—Yes, that is so.

10,279. The Government of India is not bound legally to make any such allowance on account of exchange?—The special rate of exchange was conceded as part of the proceedings in connexion with the grant of exchange compensation allowance.

10,280. Yes, but it was not that the Government was bound legally to make any allowance for compensation?—No, certainly there was no legal obligation.

Upon the question of superannuation, it was stated that while a member of the Civil Service was compulsorily retired after thirty-five years' service, he might retire after twenty-five years' service with the same pension that was granted for the longer period. SIR JAMES PEILE remarked:—

10,329. They do not retire so early now as they used to do?—No.

10,330. Mr. NAOROJI: I understand that lately there has been a good deal more retirement after twenty-five year's service than there used to be before?—I should not have said so.

10,330A. If they retire after twenty-five years' service they get £1,000 a year pension, and they only get £1,000 after any longer period of service?—Yes.

Later, upon the subject of the salaries of English and Anglo-Indian civilians, Mr. NAOROJI remarked that the salary paid in India was proportionally higher than in England. After further examination, Mr. NAOROJI put these questions.

10,490. Mr. NAOROJI: In the return of East Indian salaries, there are two items in connexion with the pension about which I want a little explanation. The return is made in 1892. There is one item, "retired pay and pensions," £1,897,385 paid in England, and the other item is mentioned in this way: "pensions towards which officers have contributed," and that is a separate item of £1,154,534. Am I to understand that in the first item where it is simply said "retired pay and pensions," there is no contribution from the officers?—I should suppose that is the case. I have not got the return before me now. I should suppose that the first figure represents pensions which have not been subscribed to.

10,491. Then that is the explanation of these two items described in different ways?—Yes; that is probably the distinction between them.

10,492. So that they are of two distinct characters?—I should suppose so.

10,493. One includes contribution, and the other does not include any contribution?—Yes.

In reply to a question Mr. Jacob presented a statement showing the charges against Famine Relief Insurance. Mr. NAOROJI observed:

10,645. You said in some years the charge was not provided?—Yes. I should have said only very small amounts were provided.

10,646. But in those years the revenue was collected that was intended to provide that charge, was it not?—No revenue was remitted during those years.

10,647. No revenue was remitted? The revenue was collected, though the provision was not made?—I do not think it can be said that any particular revenue is assigned to this.

10,648. No, but there was no less revenue collected on account of that grant being withheld?—No.

10,649. Sir JAMES PEILE: But the Famine Grant is in fact merely a surplus of revenue assigned to this purpose when there is a surplus?—Yes.

10,650. Sir JAMES PEILE: If there is no surplus you cannot assign it?—No, not without extra taxation.

Towards the close of the day's examination of Mr. Jacobs, Mr. NAOROJI reverted to the subject of educational grants.

10,718. Mr. NAOROJI: With regard to the educational institutions, in former days, when the Indians were not sufficiently educated, it was only natural that professors, teachers, and inspectors should be Englishmen; but now, when the colleges and the universities have been turning out Indians of very great attainments, if Indians instead of Englishmen were employed in the Education Department (excepting perhaps for one or two purposes, such as English language and literature, or some such important subject in which an Englishman would be the best teacher), would not that diminish very much the expenditure of the Education Department?—Yes; but I believe that the employment of natives in the Education Department has been very largely extended.

10,719. And if it is extended further it will tend towards economical expenditure?—The employment of natives undoubtedly would diminish the expenditure, but I am not sure that I can say it would be more economical.

10,720. I mean that you have men of equal ability and knowledge among the Indians who could be employed at a lower salary?—I do not know that I could say of equal ability and knowledge.

10,721. I am taking it that the Indian Universities have done their work, and produced many men of great attainments and quite as able as any other set of men; otherwise the Universities are doing no work?—Undoubtedly the Indian Colleges have turned out many scholars who have proved themselves at the University examinations to be men of great attainments. And I believe several of these men have been employed, and are employed, by the Education Department.

10,722. If that employment were extended more and more, it would be more economical?—Doubtless; and I should suppose it will be more extended as greater numbers qualify themselves for such employment.

10,723. At less salaries. Certainly there is a large number

of educated youths sent out from the universities from whom a sufficient number can be obtained who could be perfectly qualified to do those duties?—The Education Department is not a very favourite Department. I think that natives of India of great attainments, as a rule, prefer employment in other Departments.

10,724. Yes, but I am talking of the Education Department like all other Departments, wherever a native can be found qualified to fill a certain post, will it not be economical to employ him instead of necessarily putting in the European? That is the question. It is only natural?—I should say so, where a native can be employed with due regard to efficiency.

10,725. Wherever he can he employed?—He can be engaged at a lower salary.

10,726. Yes, he can be engaged at a lower salary; two-thirds is the proportion laid down by the Secretary of State?—The difficulty is to get a sufficient number of qualified natives.

10,727. The difficulty, in fact, arises because they are not allowed to enter, not that there is any difficulty in getting them. The difficulty is that Government will not employ them. If the Government laid down regular rules and regulations, according to which these appointments were to be given by certain proper competition and a fair trial, then we should know whether there were qualified persons or not?—I should say that, the employment of natives being cheaper, the Provincial Governments would employ them, wherever they considered that that could be done consistently with efficiency and good administration.

10,728. Is any system adopted by which properly qualified natives can be employed as a matter of right? Is there any system adopted by which anybody may compete and get a proper place? There is no such system; there is no fair trial given?—There is no general system of competition for the higher appointments in the Education Department, either for Europeans or natives.

10,729. If this can be done, and if the Indian element can be introduced and made larger and larger, the expenditure will be more economical, being at a less salary?—Yes, as far as it is possible to do so consistently with efficiency and good administration.

10,730. And there is this advantage, that it would be an economical advantage to India that so many of the Indians would be provided for, instead of persons coming in and supplying their places? There would be the double advantage; not only the actual amount of saving on the expenditure, but the actual economical effect upon the country itself. Well, the same questions will apply, I say, to the Public Works Department. From the engineering colleges engineers are prepared in large numbers, and yet India employs them very sparingly, and does not give sufficient encouragement to them to come out and do the work of their country. If a sufficient number of engineers were employed from the Indians, then, on the same ground, there would be economising of expenditure, would there not?—I do not think so at present. The Provincial Service system is being gradually extended to the Public Works Department. But, as far as I know, no large number of natives in that Department are as yet paid at a lower rate than the Europeans.

10,731. But they could be obtained if there was a regular system of employing Indians, and they were allowed to rise in the service. We know that natives of the same acquirements and knowledge can be obtained at a less salary, which would be only reasonable, and the Secretary of State insists that they should be paid at two-thirds the salary?—I do not know whether that is possible at present to any great extent in the case of the engineers.

10,732. If they are fairly employed, and if a fair opening is given to them, they cannot ask as high salaries as are given to Europeans coming from a distance?—Many of those employed hitherto have received the same salaries as Europeans.

10,733. That may be because there are only very few employed, and Government cannot make a distinction; but if there is a regular system of employment, the best they can get at such salaries as the natives are willing to accept, the natives will accept them with very great pleasure?—The matter has been under consideration, and the extension of the Provincial Service system to the Public Works Department has been sanctioned, but I do not think it has been brought into force so far, to any great extent.

Twenty-second Day. Wednesday, 17th June, 1896.

Witness: Mr. STEPHEN JACOB, C.S.I.

The witness was examined upon the collection of land revenue. In the course of the proceedings the witness informed the Commission that there had been a decrease in the number of Europeans employed in the Land Revenue Department. The Chairman expressed the opinion that the Commission ought to have the details of what posts had been transferred from Europeans to Indians, because a general impression existed that Europeans were employed wherever possible. The witness stated that the Secretary of State refused to prepare such a statement; the only objection being, so far as he knew, the great labour it would involve.

10,976. Sir Ralph Knox: What period does the Parliamentary Return cover?—The Parliamentary Return comes up to quite a recent year.

10,977. Mr. Naoroji: The one of 1892 you mean?—Yes.

10,978. That gives only the total, and you cannot make any comparison between this 1892 and the previous year?—No.

10,979. I should be very glad if I could get a similar return for 1875-6.

. . . .

10,983. Mr. Naoroji: This is the Parliamentary Return of 1892 to which you have referred, I think, in which Europeans, Eurasians and natives are separated (exhibiting return)?—Yes.

10,984. And their salaries are given, begining with 1,000 rupees and upwards; but this is for 1892. If we want a comparison with the other year with which we are making all these comparisons, we ought to have a similar return for that year; and, until that is done we can hardly make any comparison?—There was an earlier return, I think, and the two returns will give you a pretty fair idea.

10,985. There was an earlier return in 1878, but it was never printed, it was never published.

10,986. Sir Ralph Knox: It exists?—Yes, it exists.

Mr. Naoroji: Can we get it?

10,987. Chairman: Will you ascertain?—Yes, I will.

10,988. Mr. Naoroji: If we get the 1878 return published with this 1892 return we can form some accurate idea of what the comparative employment of Europeans is. As to the excess of natives that is only natural. You have the whole of the inferior subordinate service to be performed by natives, and to quote the number of natives as compared with Europeans is certainly unfair. It is the higher posts only, where the Europeans are employed, that ought to be compared to see how many Europeans are employed and how many natives or Indians. It is no use saying there is a large Indian service; there must be a large Indian service. I do not see the use of going down to clerks, and all that, and saying there is a very large number of natives; but limit it to posts in which the salary is, say, £1,000. If we get the return of 1878, made on Mr. Bright's requisition, printed, we can compare that with this, or abstract it to the same extent as this. It is a very large return, because it is going into every detail, as I understand it?—Yes, it goes into great detail.

10,989. But then if a small abstract like this be made that would be enough for our purpose?—Yes, I will see if I can give that.

10,996. Mr. Naoroji: Then with regard to the services that were set aside for the Indians in 1880, is not that increment altogether nullified by the Secretary of State having cancelled the statutory service altogether. Is not that really cancelled altogether, though the Act of 1870 still exists?—The provincial service system has taken the place of that system.

10,997. Then that is cancelled, is it not?—Appointments are not made now under the rules of 1880.

10,998. In substituting the provincial service, are not actually the number of appointments lessened than what the Indians would have got under the Act of 1870?—I do not think so.

10,999. Well, I should like it if you could ascertain. Then, again, under the Act of 1870 these appointments were

as part and parcel of the Indian Civil Service; these provincal appointments are not, and it is a lower grade of service, is it not?—They are paid about the same rate as the men were paid who were appointed under the Act of 1870

11,000-1. Yes, but they cannot go any further; whereas by the Act of 1870 the whole civil service was open to those who were appointed under that Act. By the rules of the provincial civil service they are restricted only to a certain number of subordinate situations, and they cannot go any further?—I have not referred to the orders about the provincial civil service very lately; I should like to refresh my memory before making any statement about it, but my impression is that the pay that they receive is just as high under the provincial civil service system as that which was given to the statutory civil service.

11,002. Yes, that is true. But then the number is reduced as well as the prospects. They are limited to a certain grade only, while under the Act of 1870 they could have risen to any post like other civil servants?—Yes. I am not aware of how far that is the case.

11,003. Sir JAMES PEILE: Provided only that they were fit for such posts, I think?—Certainly.

Mr. NAOROJI: Yes, of course; but then they are now deprived altogether, whether they are fit or not.

Sir JAMES PEILE: Not at all.

Mr. NAOROJI: You have cancelled the whole thing.

Sir JAMES PEILE: I do not admit that for a moment.

Witness was next examined as to the revenue derived from the salt tax It was admitted that from 1895-6 there had been a slight increase in the tax, the present duty on import being stated as 2 rupees 8 annas per maund of 82 lbs.

11,098-9. Sir JAMES PEILE: Not on the duty on import, the excise?—Mr. JACOB: It is the same, 2 rupees 8 annas per maund.

11,100. Mr. NAOROJI: Is that customs duty or excise duty, 2 rupees 8 annas per maund?—Mr. JACOB: Both.

11,101. Mr. NAORJI: That is since 1887-88?—Mr. JACOB: In January, 1888, the general rate was fixed at 2 rupees 8 annas.

Later, upon the revenue derived from income tax, Mr. NAOROJI asked:

11,232-33. The income-tax, as I understand, is six pies in the rupee?—Five pies in the rupee on incomes above 2,000 rupees.

11,234. And under 2,000 rupees to 500?—4 pies.

11,235. It is diminished?—Yes.

11,236. How much is 5 pies in the rupee?—About 6¼d. in the £.

Twenty-fourth Day. Wednesday, 24th June, 1896.

Witness: SIR HENRY WATERFIELD, K.C.S.I., C.B.,

The Witness was examined upon the expenditure of the Secretary of State in England. In the course of the proceedings Mr. NAOROJI asked:

11,939. I have got a statement given to me of a comparison between some articles as supplied by the Secretary of State for India and as supplied to the Rangoon municipality, and these prices are given in these two documents. With regard to these articles there is a large per-centage of excess shown to be for the articles supplied by the Secretary of State for India. I would give you both these papers and the statement, and perhaps you will be able to tell us some time what you think of that statement with regard to the excess of charge here, compared with that made to the municipality of Rangoon?—I will see whether we are able to give an explanation.

The salaries of the officials at the India Office came under review, and Mr. NAOROJI proceeded to examine Sir H. WATERFIELD as follows:

12,023. Mr. NAOROJI: There are no Indians in the India Council nor in the India Office establishment, nor in any of the services here for which the India Office pays?—There are none in the India Council, and there are no pure natives of India on the India Office establishment.

12,024. The whole benefit of salary and employment remains with the British people, although money is provided by the Indian taxpayer?—Yes, if you consider that we give no benefit to the people of India by our services.

12,025. In this country the revenue raised from the people returns to the same people; that is, the British people get all the salaries and employment in England; whereas a portion of the Indian revenue does not return to the Indian taxpayer, but to a foreign people, that is, to the British, that is a mere matter of fact also?—Yes.

12,026. Is not the expenditure of the India Office for the interests of the maintenance of British rule as well as for the interests of India; in fact, the interests of both countries are concerned in the expenses of the India Office?—The interests of both countries are concerned.

12,027. When any money is spent from the British Exchequer either in this country or in India for any purpose in which both countries are interested, India is asked to contribute a share; should not in justice the same principle apply that when any money is spent from the Indian Exchequer for any purpose in which both countries are interested, Britain should also contribute its proper share?—That is a matter of opinion, of course, in any particular case, how far that may apply.

12,028. I merely ask your opinion whether it is right or not that it should be so. We are asked to contribute to certain disbursements made by the British Exchequer, because, it is said, they are for the common interest of both countries; in the same manner, if the Indian Exchequer disburses any money which is also for the common interest of both countries, should not the British Exchequer contribute, just as we are asked to contribute?—I think that the question of apportionment of charge must be considered in each case. I am not prepared to say that the payment for the India Office should necessarily be shared.

12,029. I am putting it as a general question, whether it would be just or not that the British Exchequer should contribute in the same way and on the same principle as the Indian Exchequer is asked to contribute, for any disbursements made by the British Exchequer?—The British Exchequer undoubtedly must contribute to the expenses of the Empire. I cannot say how the apportionment, in any particular case, should be arranged.

12,030. I am not giving you any particular case, I only want the principle, that both should be treated on the same principle?—As I say, I think that the expenses of the whole Empire must be apportioned in certain degrees.

12,031. Should not any expenses in which both countries are interested be apportioned?—Not necessarily. In each case it must be considered whether the particular expense is a proper one for apportionment or not.

12,032. Yes, but if the expenses are for the benefit of both countries for common purposes, just as the reference to this Commission assumes?—Yes, I am not able to assent to it in this particular case.

12,033. I am talking of expenditure for the benefit of both countries; then the contribution must come from both. In certain cases where there is a benefit for both countries India must contribute; while in other cases where the benefit is also to both countries the British should not contribute at all. That would not be just?—I think, as you were putting it to me, you asked whether a rule which applies to some particular cases should not be applied to all cases. I say that I am not prepared to assent to that.

12,034. I am not asking for any particular cases, I am asking it generally; any case in which both countries are interested then both must contribute to it; it is a simple question?—Well, I do not agree that necessarily it must be so.

13,035. With regard to the Engineering College, can you give us any idea of the amount of money disbursed from the Indian revenues up to this time for its maintenance, for its establishment, and also whether there is any chance of that money being reimbursed by the students that come in generally for other purposes or for their own purposes?—It is not likely that past expenditure will be reimbursed.

12,036. No; so all that is gone?—But, as I explained to the Chairman, efforts have been made to put it now upon a self-supporting footing, and it is very nearly accomplished. I think there is still some charge each year.

12,037. The past expenditure, therefore, is beyond recovery?—I think so.

12,038. Though it is useful to the British youths here, and has been from the very beginning?—If your question refers to

the students who come in, not going to India, they do fully pay their cost I think. I think there is no doubt that they do. I do not think there is any charge on the revenues of India through that; it is rather the other way.

Twenty-seventh day. Wednesday, 15th July, 1896.

Witness: Sir Ralph Knox, K.C.B., a Member of Royal Commission.

With regard to the army charges of the Home Government, the witness, in the course of examination, stated that a respectable force was kept in course of training in England to meet the demands of the Indian Government; and that, but for the purpose of meeting those demands, the force would not be wanted by the English Government. Mr. Naoroji remarked:

12,601. You say you do not want them; is it not for the maintenance of the British rule that it is absolutely necessary for you to have a European force in India, according to the declarations of the Government itself; but for that the Indian army would be quite enough to meet any contingency; but it is because you say that you want to maintain British rule in India that you want a European army there as strong as possible, to defend it both against Russia and against the Indians?—Sir R. Knox: We supply the demands made upon us by the Indian Government.

12,602. Mr. Naoroji: Yes, but the Indian Government is the British Government. The Indian Government is nothing but British Government and British rule.

Later, Mr. Naoroji proceeded with the examination of Sir Ralph Knox.

12,795. Mr. Naoroji: We are at present at the second part of our reference, the apportionment of charge between the Governments of the United Kingdom and India for purposes in which both are interested. I have a short extract, a few sentences from Lord Kimberley's speech, reported in *The Times* of the 13th June, 1893:—"There is one point upon which I imagine, whatever may be our party politics in this country, we are all united; that we are resolutely determined to maintain our supremacy over our Indian empire. That I conceive is a matter about which we have only one opinion, and let me tell you that that supremacy rests upon three distinct bases. One of those bases, and a very important one, is the loyalty and goodwill of the native princes and population over whom we rule. Next, and not less important, is the maintenance of our European Civil Service, upon which rests the foundation of our administration in India. . . . . Last, not because it is the least, but because I wish to give it the greatest prominence, we rest also upon the magnificent European force which we maintain in that country, and the splendid army of native auxiliaries by which that force is supported. . . . . Let us firmly and calmly maintain our position in that country; let us be thoroughly armed as to our frontier defences, and then, I believe, we may trust to the old vigour of the people of this country, come what may, to support our supremacy in that great empire." From this extract it is clear that Great Britain has an immense and vital interest in the keeping up of the European services, both in India and in this country, and not only of the European services but also of the native army. It bases its very existence upon these services. Well, I will put aside the natives employed in the native army, who would be required under any circumstances, by the natives themselves; but taking only the European portion of it, it is clear that England has a distinct interest, granted that India also has a distinct interest, in keeping up these European services. Considering, therefore, such vital interests of Britain, I should like to know whether and what apportionment should take place between Britain and India on account of these European services, both in this country and in India?—It is a very big question to ask me, but if my opinion is of any value I should say that India ought to pay the very last halfpenny.

12,796. Even though we are now discussing this question, the apportionment of charge between the Governments of the United Kingdom and India, for purposes in which both are interested? Here is a purpose in which England is most vitally interested, the maintaining of its own very existence in the country, and yet I am to understand that England should contribute nothing towards its own benefit, and that India should be simply treated as a helot?—My own view is that England has made India what India is. That England has made India what she is by means, to a very great extent, of the residence of the European army in India. I believe that the condition in which India is, a condition which England has made, is a condition which is enormously to the advantage of the natives of India, and that her rule is exercised wholly and solely in the interests of the people of India.

12,797. It is entirely the reverse. The whole rule is conducted for the benefit of England; England has derived an immense, or many times greater, benefit from India than India has derived from the rule of England. That is a question that I could not, and that we could not, enter into just now, but this is my simple question: wherever any purpose is for the interests of both, should not there be an apportionment of charge. That is the subject just now before the Commission, and I ask that in this case where the purpose is one in which England is also very decidedly interested, that England should contribute its proper share, and you give the opinion that England should not. Then with regard to the frontier wars, I may read one or two extracts. Mr. Fawcett pointed out in his speech on the subject of the Afghan war, that it was a remarkable thing that every speech made in the House or out of it, by ministers or their supporters, on the subject, showed that the war was a great Imperial enterprise. He said: "And, fourthly, the most important question, so far as he was able to judge, of who was to pay the expenses of the war . . . . It seemed to be quite clear that the expenses of the war should not be borne by India, and he wished to explain that so far as India was concerned this was not to be regarded as a matter of generosity, but of justice and legality. . . . . The matter must be decided on grounds of strict justice and legality. Hansard, Vol. 250. . . . . (P. 457). It was a remarkable thing that every speech made in that House or out of it by ministers or their supporters on the subject showed that the war was a great Imperial enterprise, those who opposed the war having always been taunted as being 'parochial' politicians who could not appreciate the magnitude and importance of great Imperial enterprises. . . . . (p. 458). He would refer to the speeches of the Viceroy of India, the Prime Minister, and the Secretary of State for Foreign Affairs upon the subject. . . . . In December 1878, the noble Earl—the Prime Minister—warned the Peers that they must extend their range of vision, and told them that they were not to suppose that this was a war which simply concerned some small cantonments at Dakka and Jellalabad, but one undertaken to maintain the influence and character not of India, but of England in Europe. Now, were they going to make India pay the entire bill for maintaing the influence and character of England in Europe. . . . . his lordship the Marquis of Salisbury, treated the war as indissolubly connected with the Eastern question. . . . . Therefore it seemed to him (Mr. Fawcett) that it was absolutely impossible for the Government, unless they were prepared to cast to the winds their declarations, to come down to the House and regard the war as an Indian one . . . . . All he desired was a declaration of principle, and he would be perfectly satisfied if someone representing the Government would get up and say that they had always considered this war as an Imperial one, for the expenses of which England and India were jointly liable."

Lord Beaconsfield says:—"That the real question at issue was whether England should possess the gates of her own great Empire in India . . . . We resolved that the time has come when this country should acquire the complete command and possession of the gates of the Indian Empire. Let me, at least, believe that the Peers of England are still determined to uphold not only the Empire, but the honour of this country." And I may read several other extracts of a similar character which show that all these frontier wars that are being carried on are not only as much but a great deal more in the interests of England in maintaining its rule in India against any European nation. Is it right or is it not just that England should take the proper share in the expenses of all these countries. I regard them as beneficial to India also?—As I said, it is an extremely difficult question to answer, but my view generally in regard to frontier wars is, that they are the necessary advance of civilization against barbarism,

that a civilized country must advance over its frontier from time to time.

12,798. But then at whose expense; at the expense of both of those who are interested in it?—Well, it is generally at the expense of those who are on the frontier.

12,799. Who are the weakest, I suppose; that would be a proper answer, as we are entirely helpless. Well, the next question is: Have we any voice whatever in the disbursement of the revenues of India, in a single farthing of disbursement, or is it not entirely at the will, and completely despotic will, of the Indian authorities, or rather the British authorities ruling over India?—There is no systematic method that I know of consulting the wishes of the Indian people; but I believe that their best interests are considered in any policy that may be adopted.

12,800. However, we have no voice whatever, have we, in the spending of a single farthing of our own revenue. Then we will contrast the position of the Irish with that of the Indians. The Irish can occupy any position whatever in all the services all over the country. An Irishman may become a viceroy, he may become a commander-in-chief, he may become a prime minister, he may become anything. He has a complete share in the Imperial benefits, if he contributes also to the Imperial expenditure or burdens. Has India any such position in the Imperial arrangements?

Sir James Peile: Has this anything to do with the Indian expenditure?

Mr. Naoroji: Yes; it is absolutely necessary for me to put these questions.

Sir James Peile: Is it connected with our Indian expenditure?

Mr. Naoroji: Yes.

Sir James Peile: Questions about the Irish?

Mr. Naoroji: Because the whole of the military expenditure is thrown on India. I maintain that the British Government and the British people, being vitally interested in it, should be charged with an apportionment of the charge that is incurred for the British service. That is all that I ask; and I want to point out the difference between thetreatment, leaving alone the question of home rule for Ireland, for which I am not here contending, but taking Irish as being in the same position as British subjects and Imperial subjects, and the constant and repeated declarations of a century, I maintain that the Indians are also to be treated as British subjects and equal to any other British subjects; are the Indians so treated?

Sir James Peile: We are dealing with the apportionment of the military expenditure.

Mr. Naoroji: That comes necessarily as an apportionment of the expense to India.

Chairman: I think we have to bear this in mind, that this question about the employment of the natives in India is hardly one which comes within the cognizance of Sir Ralph Knox. He is simply a War Office officer. You may put your questions, Mr. Naoroji, and I think probably we had better leave Sir Ralph to give his answers.

12,801. Mr. Naoroji: He may give any answer he thinks proper?—Sir R. Knox: Well, I should think it was merely, to a great extent, a matter of time. It is only recently, in comparatively recent years, really within my memory, that Irishmen have been admitted to the highest posts in this Kingdom. They were excluded until comparatively recent years from very many positions within this century; but now we have considerably advanced. I should think the time will come when there will be a considerable advance also in regard to the position of many Indians in India too.

12,802. Mr. Naoroji: Yes, but at some time, therefore, we come back to the same question, that in all those purposes in which Indian revenue is expended, if it is for the benefit of both, the English revenue ought to share its proper expenditure as a partner of the British Empire, as we are always told that we are partners in the British Empire, and that as Imperial citizens we must bear Imperial burdens. At the same time we ask that, as Imperial citizens, we should have a share in the Imperial services. Now we have no share in the army. No Indian can ever be appointed to a commission in the army?—Sir R. Knox: But the native army is twice the size of the European army.

12,803. Mr. Naoroji: The native army is paid by the natives themselves, but the European army there is entirely for the purposes of British rule, not for the purposes of India?—Sir R. Knox: Still there is plenty of military employment for the natives of India.

12,804. There must be a division of expenditure from both Governments where the necessity of any particular purpose is for the interests of both.

Twenty-Eighth Day. Wednesday, July 22nd, 1896.

Witness: Sir RALPH KNOX.

13,026. Mr. Naoroji: I have to make a request to Sir Ralph Knox. If I want it you will give me a short time next Wednesday, because I think I require an explanation upon some statements made by you last Wednesday. I have to ask whether you will be good enough to give me a short time next Wednesday?—Yes, I shall be here.

Twenty-ninth Day. Wednesday, July 29th, 1896.

Witness. Viscount WOLSELEY.

Mr. Naoroji first intervened when Lord Wolseley stated that "his idea with regard to the charges generally for the troops in India was that India should pay for everything connected with the army." "I say," Lord Wolseley declared, "supposing we had no British Empire and no British rule in India to be maintained, we shold not have those batteries and these fortifications, and consequently, as we have India, and we have these batteries, India should pay for them." The report proceeds as follows:—

13,188. Mr. Naoroji: But is it not for the sake of maintaining the British rule that all this British army and British fortifications and all these are there?—Lord Wolseley: No; it is for the purpose——

13,189. If British rule were not there you would not care a straw for India and would not go there?—Quite.

13,190. And you would not impose a British army upon India?—We do not impose a British army upon India; India asks for it.

13,191. You have a large European army imposed upon India for the purpose of maintaining British rule?—Why do you use the word "imposed"?

13,192. Because it is not with our consent; we have no voice; India has no voice?—That is a point I cannot go into.

The phrase "Indian requirements" being frequently employed, Mr. Naoriji again intervened:

13,243. Mr. Naoroji: When you use the phrase that "India requires" or "when India's emergency takes place" what do you mean? It is not India that requires these troops annually; properly speaking is it not Great Britain that requires these troops there to maintain her own rule there; otherwise India would not require any troops from you?—Lord Wolseley: I am afraid I cannot answer that question.

13,244. Mr. Naoroji: Is it not for British purposes?—Lord Wolseley: I hope you will excuse me and pardon me, but that is a subject I cannot go into.

13,245. Mr. Naoroji: It is rather unfair that repeatedly the expression is used "India's wants and India's requirements," and that these things are required in India's interests, when in reality it is all British interests, British wants, British purposes, in order to maintain British rule in India and nothing from England can ever be required.

Mr. Jackson: But surely that assumes that the British rule in India is of no value to India.

Mr. Naoroji: It is of value to India, but is of value to Great Britain also.

Mr. Jackson: Then, if it is of value to India, it is for India's requirements, India's interests, India's wants.

Mr. Naoroji: It is for Britain also. Whatever is necessary for British rule should be supplied by Britain just as well as India. Is there not equal benefit, is there not benefit to both? This is all upon the supposition that is all for the benefit of India, and Britain has simply nothing but a Quixotic and

philanthropic purpose, for which it comes to India and saves India from Russian aggression.

13,246. Mr. JACKSON: I do not understand the argument?—Lord WOLSELEY: I cannot follow the argument, but I would merely say that my views are that India never existed as India at all until we went there. She was merely an agglomeration of small States, the Muhammadans cutting the throats of the Hindus, with constant and continual internal troubles. India has been constituted an empire by us; everything that India has got at the present moment that is worth having has been derived from English rule. That is the only commentary I have to make as regards what Mr. Naoroji has to say.

Mr. NAOROJI: I had better say a few words afterwards.

CHAIRMAN: I think we must bear in mind that the English rule exists in India, and that it is not within the scope of our enquiry to go into the question of what would follow the removal of that rule or what would happen if that rule had never existed.

Mr. NAOROJI: That question arises from the kind of remarks that are made; otherwise I confine myself to expenditure when I come to it.

Later, Lord WOLSELEY said: "I saw one Eurasian regim nt, and I never saw a more wretched, useless, or miserable body of men in my life. I saw them during the Mutiny; they would not fight, they were always grumbling, they did nothing." The report continues:

13,384. Mr. NAOROJI: Our object in this Commission is to ascertain what apportionment should be charged to each country in matters in which both are interested. You say England has done so much for India, but India must pay every farthing. Now let me read you a short statement?—Lord WOLSELEY: I cannot answer anything connected with the political condition of India. I am here to give you purely military opinions and answer military questions.

13,385. Sir DONALD STEWART: May I ask one question about the army medical establishment? Have you got any views upon the subject of the amalgamation of the two branches of the army medical service, the Indian and the British?—Lord WOLSELEY: Yes, I think that would be a saving for India; I think it is a pity it is not done.

13,386. CHAIRMAN: Amalgamation of the two services?—To have only one medical service for India would be a saving to India, and it would not hurt us, according to my notions.

13,387. Sir DONALD STEWART: It would not disturb the efficiency?—According to my notion it would not.

13,388, CHAIRMAN: Mr. Naoroji, you heard what Lord Wolseley said. Of course it is for you to consider whether your questions go outside the line upon which you can expect him to give an answer.

Mr. NAOROJI: I have to put questions within our Commission's reference, and I should have answers from Lord Wolseley just as he thinks proper; but my questions should be put, because the question has to be considered from the Indian point of view.

CHAIRMAN: I am speaking in consequence of what Lord Wolseley said to you. We must bear in mind that questions must come within the scope of our reference. You say their subject comes within that scope, but I think you have gone rather close upon the limits of our reference occasionally.

Mr. NAOROJI: Yes; but there are several statements made by Lord Wolseley which require to be controverted, and especially one which I would just take—Lord Wolseley urged very strongly that England made India. Now that is a point upon which there is another side of the picture also and I must therefore have that side put in; and, besides, he said that India is not a whole nation; that is not a necessity. India is like Europe, you may say, a large continent, and there were several native powers instead of one native power. That does not answer in any way the question I want to put; I want to say—perhaps the question has been misunderstood and muddled up a good deal—that our object here in the Commission is to ascertain what apportionment should be charged to each country for purposes in which both are interested. I want therefore to bring out those purposes in which both England and India are interested, and what England ought to contribute towards the apportionment as well as India. I am not saying that the whole benefit is British. I grant that whatever is done in the whole administration, India has its benefit; but England also has its benefit and therefore what portion should England pay for all that administration; and that is what I have to bring out, because that is the principal question for which the Commission is formed.

13,388. CHAIRMAN: Just bear in mind what the scope of our Commission is, and also bear in mind what Lord Wolseley's position is.—If I might say so, those all are questions of relative advantages, but upon those I cannot be expected to give evidence; I can only give you evidence upon facts.

13,389. Mr. CAINE: Lord Wolseley is an expert witness upon specific points?—On facts.

Mr. CAINE: He really ought only to be examined upon matters upon which he himself is an expert witness.

13,390. CHAIRMAN: Quite so.—And upon facts. I am not prepared to enter into problematical questions as to what would be the future.

Mr. NAOROJI: I am not putting problematical questions. I wish to give facts as they exist, and I want to ascertain them from Lord Wolseley, if he says he cannot answer those questions——

Mr. JACKSON: May we not have this question?

CHAIRMAN: Time gets on; please put your question.

13,391. Mr. NAOROJI: Lord Wolseley, you may have read an extract from Lord Kimberley's speech that I gave at the time of the examination of Sir Ralph Knox?—Yes; I read all the questions that you put to Sir Ralph Knox, and I am not prepared to answer any of them.

13,392. Very well, then. Of course, if you are not prepared, and will not answer ——?—It is not a question of "will not."

Mr. JACKSON: I do not think it ought to be put—here we are in the presence of reporters—that Lord Wolseley "will not" answer the question. I do not think that responsibility ought to be put on Lord Wolseley.

13,393. Mr. NAOROJI: Having had a definite answer, I am not going to put those questions now. I only put a question which arises from Lord Wolseley's assumption as to what England has done for India. He bases all his argument upon the assertion that England has done so much for India that India must pay every farthing.

Mr. JACKSON: Will you not put the question?

Lord WOLSELEY: That is a historical question into which I am not prepared to enter. I am quite prepared to answer you any questions that you will ask me bearing on the establishment of the army or the efficiency of the army, either in England or in India, or anything that comes within the scope of my own duties, but nothing else.

13,394. Mr. NAOROJI: Then it is very unfortunate that you made the remark several times that India was made by England what it was, and therefore India must pay every farthing for whatever England has to spend or whatever England imposes upon it, and you even demur to the word "imposing." Well, therefore, unfortunately, these remarks being made I was bound to ask questions?—I am much obliged to you for your commentary on my evidence.

13,395. Mr. NAOROJI: Of course, if I am not to put this question or to go into this matter I, of course, yield to the decision of the Chairman. I only wanted to ask these questions, because these remarks were made.

Mr. CAINE: We ought to discriminate a little in the questions. I do not attach any importance to what Lord Wolseley says on historical questions, but I attach the highest importance to what he says on military questions, and, when we come to report, I do not suppose that we shall be influenced in the drafting of our report by any opinion that Lord Wolseley gives either on political questions or on historical questions?—They will be of no value.

13,396. We only deal with what he says on military questions—These are the only remarks of value in this enquiry.

CHAIRMAN: I think we ought to go farther than that. I do not think that questions simply involving policy ought to be put to a witness like Lord Wolseley, because it is rather hard upon a witness to have to reply, "I shall not," or "I cannot answer that question." I think the questions ought not to be put to him.

Mr. NAOROJI: I demur to the statement that I have said one single word to him upon a question of policy. I ask to put

questions to Lord Wolseley, and he can make any answer to them he chooses.

Mr. Jackson: We have not heard the question. Let us hear it put.

Chairman: Perhaps you will put your question; we quite understand what the position is.

13,397. Mr. Naoroji: Very well: with regard to what England has done for India, for her benefit or for her injury, I will just read a short statement?—Might I beg you to ask me a question? I shall be very glad to answer it. I do not want an essay read to me about what has taken place at some previous period of history. If you will ask me a question I will do my best to answer it, but to hear you read out some essay upon some problem would be of no use to me, and I am afraid I could give you no valuable reply to it.

13,398. If I ask my question I must explain what I mean. I will put the question at once. You state that England made India. I say that India has made England the most powerful, the richest, and the greatest country in the world, while the British administration, under the British authorities—not by the British people——

Mr. Jackson: I think that should be given as evidence; that is not a question, is it?

Mr. Naoroji: I want to ask this question: what England has done for India? I want to point out that England has done the greatest possible material injury to India. I ask the question, is it so, or not?

Chairman: Is not that a matter for you to give in evidence?

Mr. Naoroji: Yes, I will give evidence.

Chairman: That is expressing your own views. We should be glad to hear them.

Mr. Naoroji: Yes.

Chairman: But would it not be better to hear that from you if you went into the witness chair?

Mr. Naoroji: Certainly, but when any witness makes a statement which ought to be controverted at once, I am obliged to intervene; otherwise, if I did not intervene, it may be taken to be my view. However, if my view is to be taken from my own evidence I am satisfied.

Chairman: If you will come in and give us evidence upon these points we shall be very glad, because it really is expressing your own view.

Mr. Naoroji. I am asking whether Lord Wolseley's view is the same or not.

Mr. Caine: Lord Wolseley on the subject you refer to only expresses a generally accepted opinion to which you demur and to which I demur too.

Mr. Naoroji: It is a wrongly accepted opinion altogether, and therefore it should not go without being contradicted.

Chairman: Quite so. I know, Mr. Naoroji, your views upon this point, and I think it may be very desirable that you should have the opportunity of expressing them to us, but I think they would be expressed better in evidence than in questions to witnesses, which the witnesses cannot answer.

Mr. Naoroji: I do not want to put any questions that the witness cannot answer, but I am quite willing to give it up.

Chairman: If you wish to give us evidence.

Mr. Naoroji: That I have already offered. I think it is a fair way to put it.

Thirtieth Day. Tuesday, August 4th, 1896.

Witness. Lord CROMER.

Mr. Naoroji: My lord, I have been advised, and I think it is good advice, that, as I am to be examined myself, I had better reserve all my questions for my own examination and all my criticisms, so I do not think I will trouble Lord Cromer with any questions.